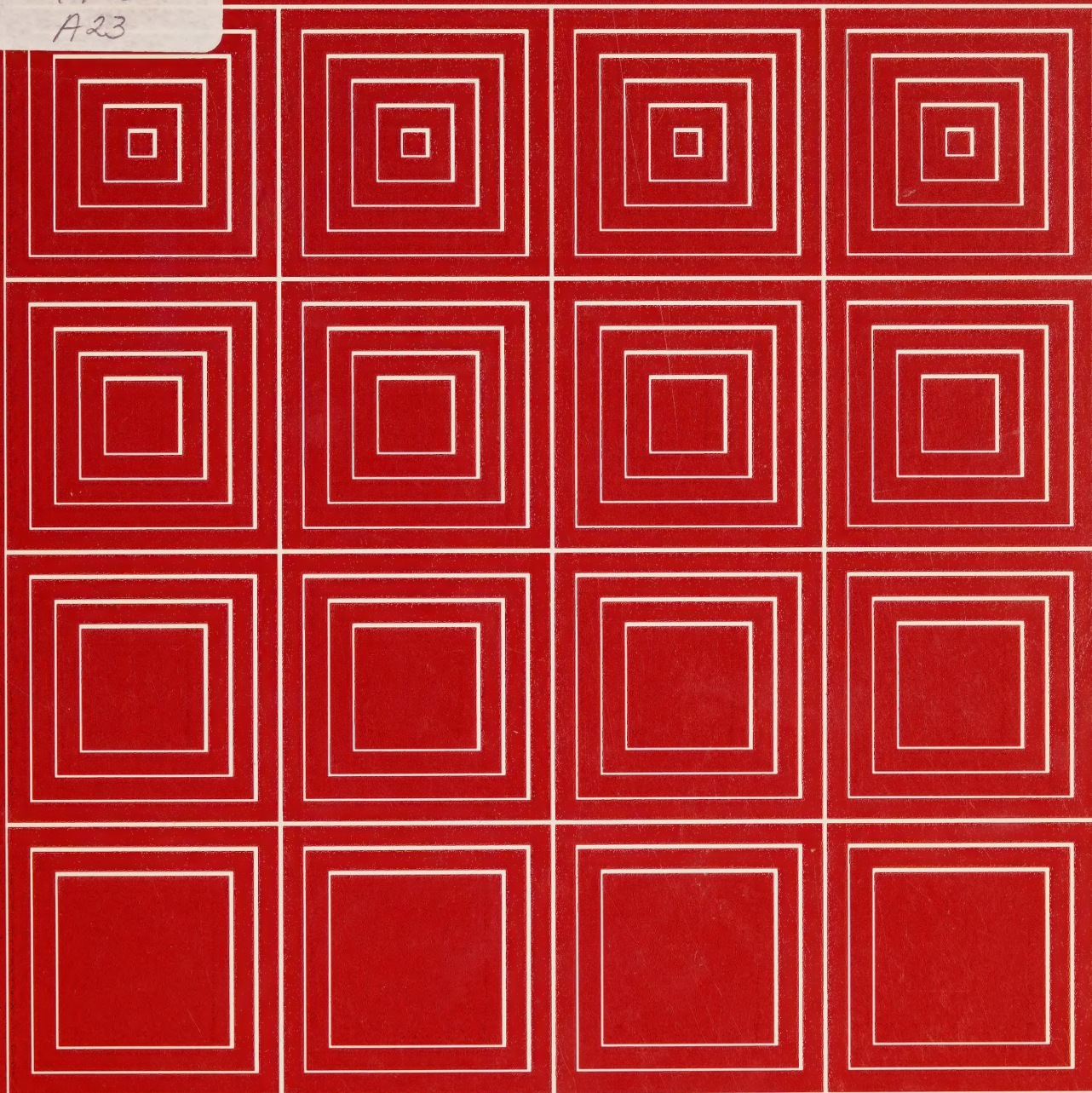


Office of the Auditor General of Canada



Auditing Human Resource Management

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Auditing Human Resource Management

July 1985

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Foreword

This Audit Guide has been developed by the Office of the Auditor General of Canada for use by staff in conducting Human Resource Management (HRM) audits.

The Guide contains the methodology and principles common to any HRM audit and includes audit criteria and other methodology for the management activities of human resource planning, training, human resource information systems, performance review and employee appraisal, classification and the management of the personnel function. Methodology for other areas related to human resource management may be included as addenda to this Guide at a later date.

The methodology in this Guide results from experience in audits of human resource management conducted in government departments. With appropriate modification, it can be used for audits in other entities, including agencies and Crown corporations. As further field testing of the Guide takes place and users comment on its relevance, applicability and usefulness, it will be revised to incorporate refinements and advancements.

The auditor should consult with the individual assigned responsibility for functional leadership in applying HRM methodology, both at significant steps in the audit and when interpreting material in the Guide.





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AUDITING HUMAN RESOURCE MANAGEMENT

Contents

	Page
Foreword	i
Introduction	
Purpose of this Audit Guide	1
The Importance of Sound Human Management Resource Practices	1
Background Information	1
Part I: The Human Resource Management Process	5
Personnel Management Activities	5
Management Support Activities	7
The Legislative Framework	8
Part II: The Human Resource Management Audit	11
Staffing the Audit	11
Audit Criteria	11
Application of Audit Criteria	12
Audit Approach	12
Audit Methodology	13
Phases of the Audit	13
Audit Tools	16
Analysing Audit Evidence	22
Identifying Reportable Issues	22
Part III: Human Resource Management Audit Areas	25
Section 1 - Management of the Personnel Function	25
Introduction	25
The Role of the Personnel Organization	25
Managing the Personnel Function	26
Audit Criteria and their Application	30
Section 2 - Human Resource Planning	41
Introduction	41
The Human Resource Planning Process	43
Roles and Responsibilities for Human Resource Planning	45
Policies	46
Audit Criteria and their Application	46

Charts

Chart 1	Key Tasks During the Planning Phase	17
Chart 2	Key Tasks During the Reporting and Examination Phases	19
Charts 3 - 8	Possible Audit Activities by Criterion Element	
Chart 3	Management of the Personnel Function	33
Chart 4	Human Resource Planning	48
Chart 5	Training	61
Chart 6	Human Resource Information Systems	72
Chart 7	Performance Review and Employee Appraisal	83
Chart 8	Job Classification	94

AUDITING HUMAN RESOURCE MANAGEMENT

Introduction

Purpose of this Audit Guide

The purpose of this Guide is to:

- assist the auditor in gaining a basic understanding of the human resource management (HRM) process in the government milieu;
- provide the framework and tools for conducting the audit and identifying issues; and
- help ensure that HRM audits are conducted in a consistent, efficient and effective manner.

This Guide is consistent with the comprehensive auditing process as described in the Comprehensive Auditing Manual. The manner in which the HRM audit interrelates with the comprehensive audit process is illustrated in Figure 1.

The Importance of Sound Human Resource Management Practices

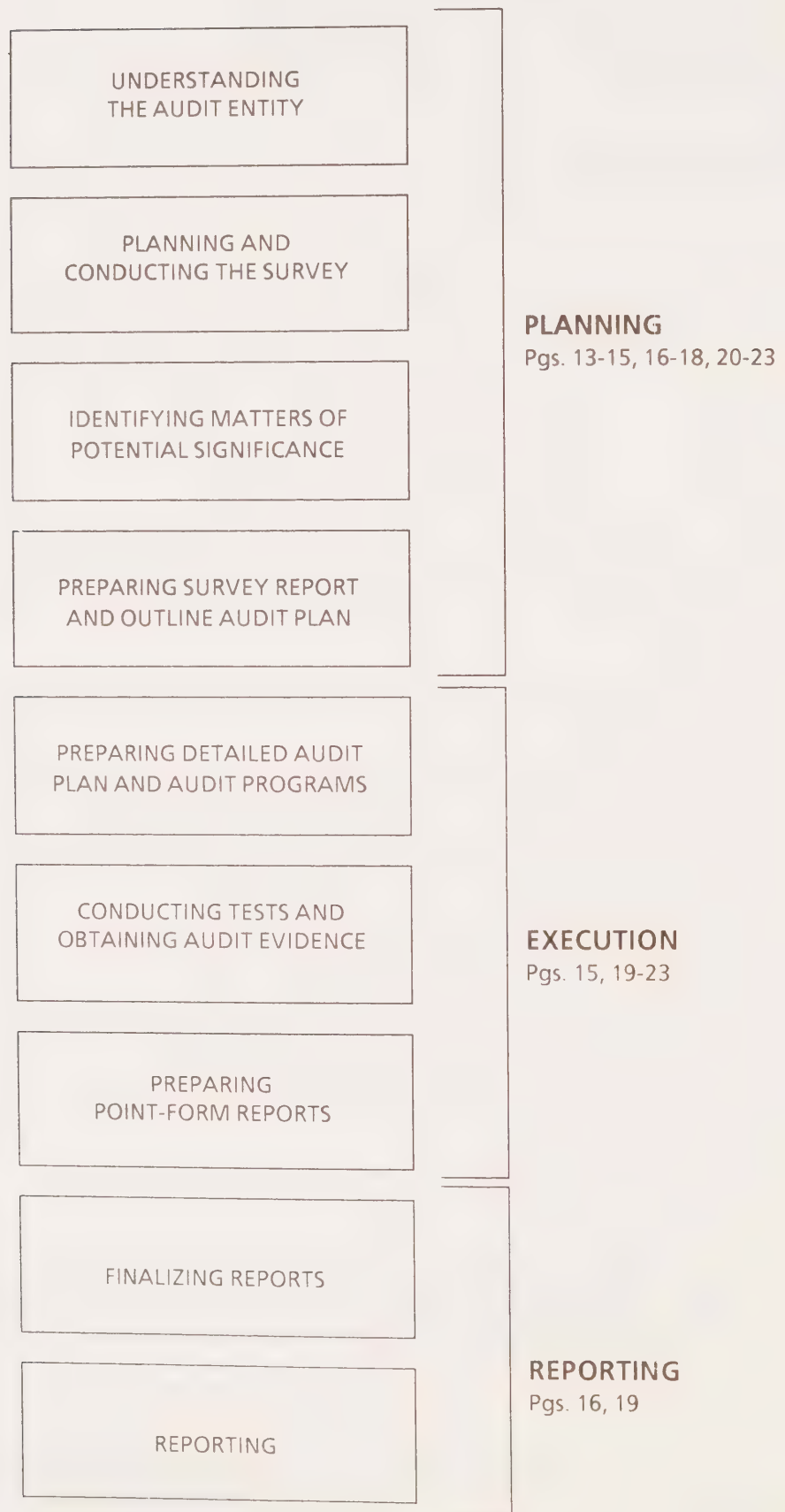
Economy and efficiency matters associated with the management of human resources in the public service of Canada have become of increasing concern and importance. If a department or agency does not have the right number of people, with the necessary skills, when and where they are needed, and if those resources are not managed effectively, the operational costs of the department and its efficiency and effectiveness will be significantly affected.

The Estimates for 1984-85 indicate the importance of human resources and the need for their sound management. Total government budgetary expenditures were estimated at about \$95 billion, including operating expenditures of \$30.2 billion. Of this figure, about 42 per cent or some \$12.7 billion was spent for wages, salaries and other direct personnel costs. In addition to determining direct payroll costs, the number and deployment of public servants also influence the cost of items such as accommodation, equipment and travel.

Background Information

Interest in the management of human resources in the federal government was heightened with the publication in 1979 of the *Report of the Royal Commission on Financial Management and Accountability*. The report, known as the Lambert Report, stated that:

**FIGURE 1:
THE HRM SEGMENT OF
THE COMPREHENSIVE AUDIT PROCESS**



The management of personnel in all its aspects is as important as, if not more important than, financial management in achieving effective overall management of government activities.⁽¹⁾

The *Report of the Special Committee on the Review of Personnel Management and the Merit Principle* (D'Avignon Committee) published in the same year as the Lambert Report, stressed the need for improvements in personnel administration and the management of people. The Committee suggested that one method of improving human resource management was through:

an effective, independent, on-going audit of human resource management and personnel administration, including the audit of adherence to employment legislation...⁽²⁾

The Lambert Report's focus on human resource management prompted the central agencies to carry out a number of reviews with the intent of recommending improvements in personnel policies, procedures and systems. These reviews have been complemented by the work of internal auditors and the continuing efforts of the Office of the Auditor General.

In 1978, the Office of the Auditor General began auditing components of the human resource management process. At that time, the reviews concentrated on assessing the management controls over human resource planning, training processes and supporting human resource information systems. Since 1978, the Office has developed a more comprehensive approach to its human resource management audits. They now have a systems and a results orientation and include, in addition to the areas listed above, performance review and employee appraisal, classification and the management of the personnel function. Methodology for auditing the other personnel specialty areas is still being developed.

The comments that the Auditor General made in 1979 are still relevant:

Policies, practices, and systems in personnel management significantly affect the size of the public service, its efficiency, and its operating costs. Even small changes - a few percentage points - in the size of the public service or its payroll costs can entail additional expenditures or produce savings totalling hundreds of millions of dollars a year.⁽³⁾

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- (1) Canada. *Royal Commission on Financial Management and Accountability*. Hull: Department of Supply and Services, 1979, p. 25.
 - (2) Canada. *Report of the Special Committee on the Review of Personnel Management and the Merit Principle*, Guy R. D'Avignon, Chairman. Ottawa. Department of Supply and Services, 1979, p. 68.
 - (3) Canada. Office of the Auditor General. *Report of the Auditor General to the House of Commons*, fiscal year ended March 31, 1979. Ottawa: 1979, p. 175.

Part I - The Human Resource Management Process

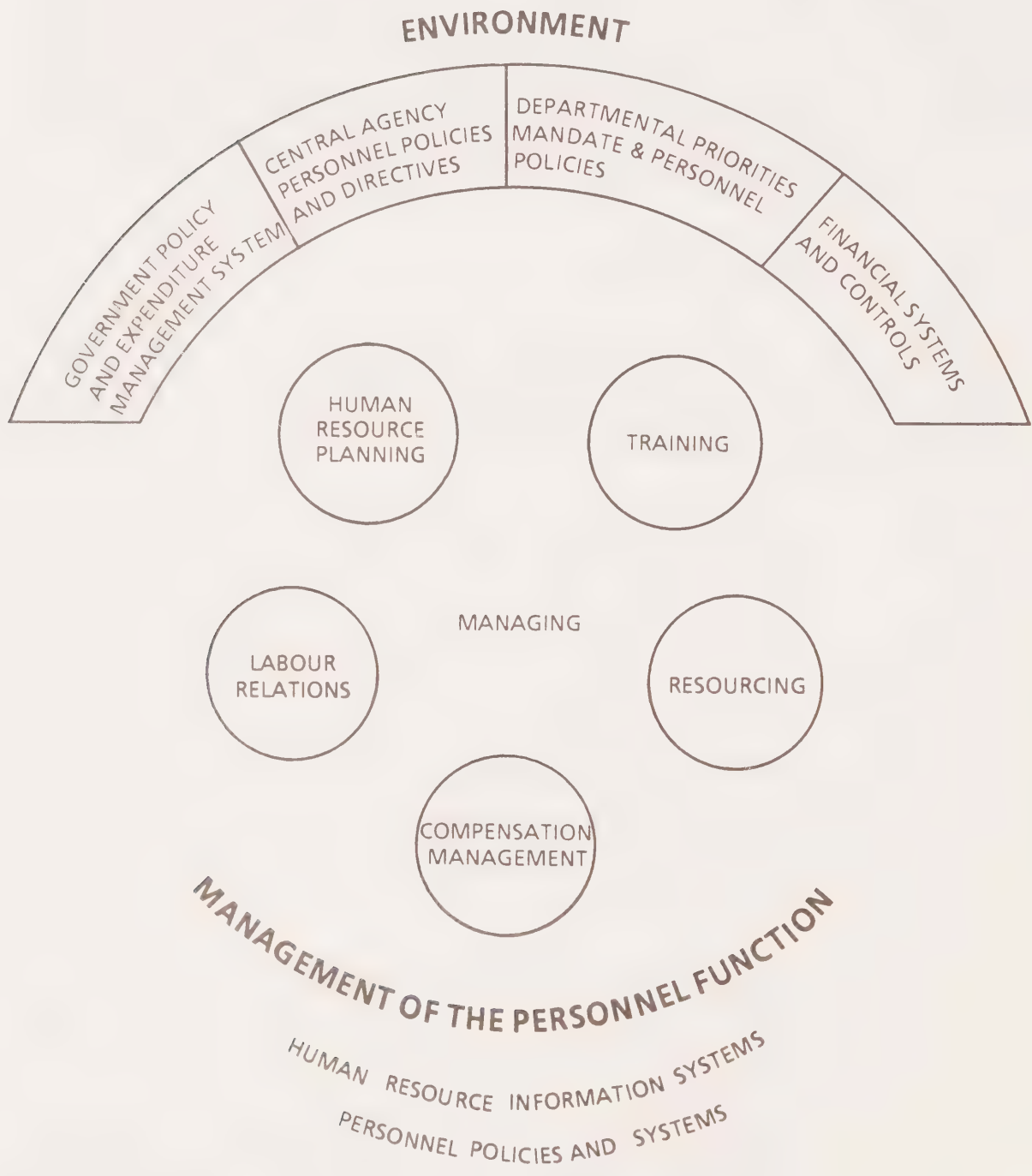
The management of human resources is a complex process involving many activities that are materially affected by the environment in which they are carried out. To understand whether an organization is managing the costs associated with its human resource with due regard to value for money, an examination of each of these major activity areas is essential. The elements of HRM, simplified for illustrative purposes, are depicted in Figure 2. They include activities conducted either by line managers or by personnel specialists in support of line management activities. The precise nature of each activity and the responsibilities associated with it vary considerably across organizations. The following paragraphs briefly describe the more significant HRM elements.

Personnel Management Activities

Line managers and personnel specialists carry out the activities associated with the management of human resources. Line managers are responsible for managing the human resources entrusted to them. Personnel specialists provide support to line managers and through authority delegated to them have primary responsibility for carrying out certain activities. In general, HRM activities include:

- **Managing** - the functions that are carried out by any individual who plans, influences, directs or controls the use of human resources. It constitutes the central management function that links all HRM components. Management is directed toward achieving high on-the-job performance and employee motivation by applying sound management practices in areas such as goal setting, performance review and employee appraisal, allocation of duties and counselling.
- **Human resource planning** - involves identifying future human resource needs and designing strategies to meet these needs. The purpose of human resource planning is to help ensure that the appropriate number of people with the required skills are available when and where they are needed to achieve the objectives of the organization on both a short and long-term basis.
- **Training** - an activity that, in response to clearly identified needs, contributes to providing employees with the knowledge, skills and experience they need to do their jobs efficiently and effectively. Training also prepares them to assume other responsibilities.
- **Resourcing** - refers to those actions required to acquire, promote, train, develop, transfer or separate employees. These actions are based on resource requirements determined during the human resource planning process.

FIGURE 2 ELEMENTS OF HUMAN RESOURCE MANAGEMENT



- **Compensation management** - involves determining and administering employee compensation, including pay and benefits, job evaluation and classification, and related terms and conditions of employment.
- **Labour relations** - aimed at developing and maintaining sound labour/management relations, including employee health and safety, union/management consultation, employee redress systems, and the administration of collective agreements.

Personnel specialists are involved in these activities largely as advisers by providing advice and guidance to the line manager. However, some activities such as classification and staffing are part of government-wide systems established by the central agencies in which the personnel specialist has significant authority.

Management Support Activities

Personnel policies and systems. Most organizations have various personnel policies and systems that support HRM activities related to resourcing, compensation management, labour relations, human resource planning and training and HRM practices generally. The design and operating characteristics of these systems are determined by the:

- size of the organization;
- degree of centralization;
- stability of the organization;
- number of controls that the system must incorporate;
- allocation of roles and responsibilities; and
- environment in which the organization operates.

The auditor must have a good understanding of these systems and the environment in which they operate in order to develop audit findings and carry out analyses of cause and effect.

Although central agency policies lead to similarities in personnel systems among departments and agencies, these systems vary significantly, depending on the characteristics of the organization. A large organization, for example, may have developed a training system that includes in-house delivery of courses, because it considers this approach to be the most cost-effective. However, a smaller organization may not require elaborate training facilities and may depend on outside sources. Similarly, human resource planning activities may be handled informally in a very small organization, but in a large, decentralized organization, complex data analysis for planning purposes may be required.

Human resource information systems. Decisions on how best to manage human resources usually require relevant, current and accurate information on jobs and people. The information and the form (either manual or computer-based) in which it is maintained, will depend on the size of the organization and the demands of other personnel systems such as human resource planning, succession planning and performance evaluation. For example, a large

or decentralized organization may need sophisticated information systems to support human resource planning activities such as analysing retirement profiles, determining turnover ratios, and developing a profile of the skill mix of employees. However, a small, more centralized organization would not need such sophisticated systems.

The management of the personnel function. Human resource management activities are not only affected by the systems and procedures administered by the personnel organization but also by its own management practices. The manner in which the personnel organization plans its activities, provides advice and guidance on personnel matters, and operates and evaluates its programs affects the ability of managers to manage their human resources effectively.

The Legislative Framework

The activities of a department or agency are influenced by the economic, market, legislative, social and cultural climate external to the organization. However, what most influences organizational activities in the public service is legislation enacted by Parliament and administered by the central agencies.

Five Acts govern personnel practices: the Financial Administration Act, the Public Service Employment Act, the Public Service Staff Relations Act, the Public Service Superannuation Act, and the Official Languages Act.

The Financial Administration Act (FAA) governs personnel management in the public service. Under the FAA, the Treasury Board is empowered to act on a wide range of personnel matters including:

- determining personnel requirements;
- determining requirements for training and development;
- providing for the classification of positions;
- determining and regulating pay, hours of work, leave and merit awards;
- establishing standards of discipline;
- establishing standards for working conditions and the health and safety of employees; and
- negotiating terms and conditions of employment.

The Public Service Employment Act establishes the Public Service Commission and sets out the authority, criteria and guidelines for appointing persons to, or from within, the public service, releasing and laying off personnel, the right of appeal, and the conditions governing political activity by public servants.

The Public Service Staff Relations Act establishes the Public Service Staff Relations Board and sets out the collective bargaining process and the provisions for resolving disputes and grievances.

The Public Service Superannuation Act defines who is eligible to participate in the pension plan and death benefit schemes, stipulates the manner of contributing to the fund and how benefits are determined.

The Official Languages Act establishes French and English as the two official languages and sets out criteria governing their use.⁽⁴⁾

Although a review of the legislation suggests that the Treasury Board and Public Service Commission have full responsibility for human resource management, considerable responsibility has been delegated to the departments. The Treasury Board has retained responsibility for developing, interpreting, and monitoring personnel policies, regulations, standards and programs in areas such as training, human resource planning, classification and performance review and appraisal. It is also responsible for representing the Employer in the collective bargaining process. However, departments are responsible for carrying out the policies and programs developed by the Treasury Board. Similarly, the Public Service Commission has retained responsibility both for developing and promulgating staffing policy and for operational staffing activities at senior levels. It has, however, delegated its responsibility for staffing most positions to the deputy heads of departments, who in turn may delegate this responsibility to line managers or to personnel specialists. Departments are required to provide specific information to the central agencies in support of the central agency roles in monitoring, audit and evaluation.

(4) Canada Treasury Board. *Personnel, A Manager's Handbook*. Personnel Policy Branch, November 1982, p. 4-5.

Part II - The Human Resource Management Audit

The Human Resource Management audit is part of a comprehensive audit of a department or agency. Its objective is to determine whether due regard for economy and/or efficiency has been observed in the management of human resources and to identify strengths and deficiencies in this area that have had (or may have) a significant effect on a department's ability to deliver its programs.

Staffing the Audit

Staffing the HRM component of a comprehensive audit involves consultation between the HRM group and the comprehensive audit Principal. The auditor, a staff member of the HRM group or a human resource management consultant is a member of the comprehensive audit team and reports to the audit Principal responsible for the comprehensive audit, receiving functional direction and quality control from the HRM Principal. Consultation with the HRM Principal takes place at key decision points in the audit process and whenever the auditor or the comprehensive audit Principal needs help either in interpreting findings or following the general framework described in this Guide.

Auditors responsible for an HRM audit should have experience in a number of human resource functions such as staffing, classification, labour relations, training and development, human resource planning and performance appraisal. Ideally, some of this experience should have been gained in the public sector so that the auditor has a sound understanding of government policies and procedures. Since the HRM audit is a component of the broader comprehensive audit, training and experience in comprehensive auditing is required.

Audit Criteria

Part III of this Guide includes audit criteria for human resource planning, training, human resource information systems, classification, performance review and employee appraisal and management of the personnel function. Audit criteria for other audit areas will be published later as an addendum to this Guide.

Criteria have been tested and modified in previous audits and are generally consistent with central agency policy and guidelines where they relate to value-for-money matters. They establish reasonable standards against which the human resource management process can be assessed in any organization. When assessing the organization's actual HRM practices against criteria, the auditor must use care in determining which human resource practices the organization under review could reasonably be expected to apply, given its unique characteristics.

The auditor should be aware of linkages between HRM criteria and criteria associated with other projects within the comprehensive audit in order to

ensure full use and integration of information gathered. As a member of the comprehensive audit team, the HRM auditor should be aware of common interest areas and ensure that relevant information is continually exchanged. In particular, the human resource planning component of the HRM audit may have linkages with the planning and efficiency components of the larger comprehensive audit, specifically criterion 5 (Audit Guide: Auditing the Planning Function and Processes) and criterion 4 (Audit Guide: Auditing of Efficiency).

Where it is necessary to develop audit criteria not included in this Guide, the auditor should do so in consultation with the Human Resource Management group.

Application of Audit Criteria

Examples of possible audit activities for each criterion element associated with different audit areas are included in Charts 3 to 8 in Part III of this Guide. These charts have been developed for illustrative purposes only. The material assumes that the audit entity is a fairly large organization and focuses on hypothetical deficiencies in systems and practices and, where feasible, their effects.

Because the examination phase in most audits concentrates on obtaining evidence related to observed deficiencies, the charts do not address positive findings or system strengths. However, this approach is not intended to minimize the importance of reporting positive findings when such findings are supported by adequate evidence.

The auditor should use this material in the spirit of its intent; that is, to provide examples of the kinds of work that may be carried out during an HRM audit. The actual activities carried out will depend on the nature and size of the organization, the observed deficiencies and the nature and substance of the identified audit issues.

Audit Approach

The HRM Guide is designed to help the auditor gain an understanding of the HRM processes in an organization. The Guide also provides the methodological framework for determining the degree to which systems and practices meet established criteria and for assessing the effect and significance of deficiencies. The basic approach is directed at reviewing the HRM activities of both line managers and staff specialists and identifying program output problems that may have their origin in HRM systems and practices.

It is the auditor's responsibility to devise the overall audit approach to a particular entity, adapting the material in the Guide to fit the scope and thrust of the comprehensive audit as established by the comprehensive audit Principal. The audit approach taken may vary considerably from entity to entity and may involve examining and reporting on all HRM issues or on selected HRM issues within a department or within a branch or program of the department.

The linkage of the HRM audit to the broader comprehensive audit is an important component of the overall audit approach as it provides the opportunity to enhance the auditor's understanding of the factors influencing HRM such as the nature of the department's programs, its strategic and operational planning processes, the management philosophy, the work climate, and so on. In addition, the linkage to the broader comprehensive audit enables the HRM auditor to consider program output deficiencies emerging from other parts of the audit, the causal factors for which may lie in human resource systems and practices.

Audit Methodology

Phases of the Audit

The HRM audit and the other components of the comprehensive audit have the same structure and phases if carried to completion – planning, examination, and reporting. The lines of demarcation between the first two phases are imprecise in practice. Also, the activities associated with each vary considerably across departments, depending on characteristics such as the size and mandate of an organization, its stability, degree of centralization, and occupational mix. The auditor should review the Comprehensive Auditing Manual for information on particular phases in the audit process.

Typical key tasks associated with the phases of the audit are illustrated in Charts 1 and 2 of the Guide (pages 17 to 19). They should be reviewed in conjunction with the explanations of the phases of the audit and the audit methodology.

Planning Phase

The planning phase consists of the overview and the survey. In the overview, the auditor identifies and describes the lines of audit enquiry and develops a survey plan. At the conclusion of the survey, the auditor identifies matters of significance, produces a survey report, and develops a plan for the audit examination.

The overview. This part of the audit involves carrying out preliminary interviews and reviewing material available within the Office. This material includes the HRM Audit Guide, briefing binders, and previous comprehensive audit reports on the organization. It also includes human resource management audit reports prepared by or on behalf of the organization's internal audit function, and relevant audits conducted by either the Public Service Commission or the Treasury Board Secretariat. When reviewing existing audit reports, the auditor should determine the extent to which:

- the audit methodology used in previous audits is comparable to that used by the Office of the Auditor General;
- the scope of the audit encompassed value-for-money issues addressed by OAG audit criteria; and

- the department either has acted or is acting on the identified weaknesses and recommendations.

Reviewing previous audit material to determine the degree of reliance that can be placed on it may continue through the early phases of the audit survey. For methodology on determining reliance on audit findings, the auditor should review the Audit Guide on Evaluation of Internal Audit.

This step in the audit process will become more important with the implementation of the Public Service Commission's Personnel Audit and Review program in departments and as the quality of departmental internal audits improves. The auditor will increasingly be required both to assess the degree of reliance that can be placed on existing human resource audit material, and to identify those issue areas with value-for-money significance that have not been addressed adequately in previous audits.

During the overview, the auditor also begins to compile the documents and numerical data identified in Appendix A and discussed under Audit Tools.

As a result of the preliminary interviews and documents review, the auditor identifies the lines of audit enquiry or the areas that should be investigated during the audit to ensure a reasonable understanding of HRM processes in the entity. The auditor also develops a survey plan outlining the audit scope, criteria, methodology and resources to be used in conducting the audit survey.

The survey. Through the survey, the HRM auditor forms a preliminary assessment of the degree to which the selected human resource systems and practices meet established audit criteria and identifies the likely impact of apparent system deficiencies. The product of the survey is a report that identifies matters of significance and outlines the areas in which the auditor believes further audit work should be conducted.

The detailed interview questions, the documents and numerical data proposed for review in the appendices to this Guide and the suggested audit activities included in Part III address the major aspects of personnel management in the public service. The auditor in conducting the survey selects from this methodological base the material which is applicable or appropriate to the lines of enquiry established for the entity concerned.

In identifying matters of significance, the auditor should consider:

- the human resource profiles (see audit tools) of the department or agency that may contain statistical data pointing to possible deficiencies in human resource systems and practices that may have an effect on program delivery;
- the operating characteristics of the department or agency that may indicate audit worthiness in a particular personnel management activity area - e.g., surpluses or significant shortages of key personnel, high training and development costs, the existence of an internal training institute, extensive decentralization

of personnel operations, recent introduction of major technological change or new programs with an impact on human resources;

- problems in program delivery that have been identified early in the audit process by comprehensive audit team members that may have their origin in deficiencies in one or more human resource management system; and
- the strengths and weaknesses of human resource practices that have been previously identified in audits, studies or evaluations conducted either internally or by the central agencies and that point to value-for-money issues.

Depending on the issues, the areas selected for review may involve applying all the audit criteria relating to one or more functional audit area or only selected criteria in a number of functional areas.

As the audit progresses, the auditor should continually review information gathered through interviews with managers and staff specialists. He or she should also examine relevant documents and statistical data to assess their significance in relation to the specific lines of audit enquiry and to the matters of significance. Auditors should also be aware of information emerging from other projects in the comprehensive audit that may help in understanding HRM issues and their causes and effects. By reviewing information from these sources, the auditor will be able to modify, delete or develop new areas for audit.

Examination Phase

The purpose of this phase of the audit is to gather sufficient reliable evidence to support or refute the tentative findings and conclusions developed in the survey phase. During this phase, the auditor collects audit evidence, establishes cause and effect relationships, draws conclusions and develops recommendations to help resolve any problems.

The guidelines provided in the Comprehensive Auditing Manual provide a more detailed description of techniques for gathering evidence, identifying matters of significance, and developing and reporting conclusions and recommendations. Recommendations should be plausible, cost-effective and consistent with other recommendations the Office has made. The auditor should be satisfied that the recommendations:

- are practicable;
- address the specific problems identified in the audit and assist in resolving them;
- will result in benefits (e.g., decreased costs, improved controls, greater accountability, etc.) commensurate with the costs of implementation; and
- do not propose actions that the organization has already taken.

Reporting Phase

The HRM auditor usually prepares a final report that presents the results of the audit (including audit recommendations) to senior management in the organization that has been audited. The HRM report is part of an overall management letter sent to the entity. Its format is usually determined by the comprehensive audit Principal. The basic information usually required in the report is listed in Chart 2 under "key tasks". The HRM auditor may also summarize the project report and draft HRM-related sections of a comprehensive audit chapter in the Auditor General's annual Report.

Audit Tools

Selecting Documents and Numerical Data for Review

The key documents and numerical data normally available from departmental records are identified in Appendix A. Early in the audit, the auditor should attempt to obtain as much of this material as may facilitate the identification of areas of audit concentration. In developing a profile of the human resources in a department or agency, the auditor should contact the Human Resource Management group which may have relevant central agency data. Ideally the human resources profile would comprise the following: population distribution by occupational group and level; incidence data on grievances, appeals, appointments, transfers, promotions, resignations; projections of retirement by critical occupational groups and levels; usage data on sick leave, overtime; performance data on staffing, classification, training, etc.

Auditors may want to review other documents and data during the examination phase, depending on their relevance to the identified matters of significance. Reviewing documents during this phase of the audit may involve detailed sampling and tests of files and forms, file reviews, policy and procedural reviews, review of statistical information, etc.

Selecting Officials to Interview

The choice of whom to interview should be based on the need to achieve a balance between auditing HRM systems against criteria and evaluating the effects of these systems on the organization's capacity to deliver its programs. During the overview, the HRM auditor may interview a few key senior managers, though most interviews will usually take place during the survey and examination phases. Appendix B contains a suggested list of officials to interview during the audit survey, including both personnel specialists and line managers. The choice of people to be interviewed in a given department or agency will depend on its organizational structure and the lines of enquiry. Generally, the following people should be interviewed in the survey stage:

- the senior personnel officer;
- line managers who administer programs that are large, decentralized, highly labour-intensive, or who appear to have human

CHART 1

KEY TASKS DURING THE PLANNING PHASE

1. Review relevant data (contained in comprehensive audit briefing binders) such as organization charts, program components and outputs, material related to previous OAG audits in the entity and the HRM Audit Guide. Obtain relevant HRM central agency policies from HRM group.
2. Examine relevant PSC/TBS audits, internal studies, and OAG HRM audits, noting recommendations and intended action of the entity.
3. Conduct introductory interviews at senior levels as deemed appropriate by comprehensive audit Principal.
4. Begin accumulating documents and numerical data and develop a profile of the departmental or agency human resources.

Note: Request documentation and numerical data not available in the Office from departmental liaison officer or senior departmental officials. Where the department or agency does not have summary information (i.e. number of retirements, turnover, sick leave distribution etc.) request appropriate raw data, usually available from computer print-outs. Contact Human Resource Management group which may have relevant central agency data.

5. Determine specific lines of enquiry and areas of concentration for HRM survey (including relevant audit criteria).

Note: Consider previous audits conducted. The HRM audit should not repeat audit work carried out by any source if those audits adequately cover the value-for-money considerations implicit in the HRM audit criteria. If previous audit work is recent and complete, no further work may be necessary.

6. Develop survey plan which may include:
 - rationale for major components of HRM scoped out as result of overview findings;
 - specific lines of enquiry;
 - relevant audit criteria (see Parts 2 and 3, HRM Audit Guide);
 - survey of audit work required
 - interviews,
 - file reviews,
 - document reviews;
 - resources required.
7. Discuss plan with comprehensive audit Principal and HRM Principal.
8. Interview key line managers and senior personnel officer in an introductory meeting - describing audit, reviewing relevant criteria, obtaining views on key activities, major changes/trends in programs, etc.

CHART 1 (Cont'd)

9. Interview senior HRM internal auditor concerning previous departmental HRM audits.
10. Review, where appropriate, audit fundings emerging from other audit projects and assess relationships to human resources systems and practices.
11. Interview senior personnel officers and senior line managers to determine if there are matters of significance associated with the human resource management processes considered to be causal factors of identified program output deficiencies.
12. On an ongoing basis, analyse information gathered from interviews and documents as a framework for further questioning. At survey midpoint formally analyse findings to determine information gaps that must be pursued. Discuss with HRM Principal.
13. Interview senior personnel officer again to obtain a broader perspective concerning emerging matters of significance.
14. Conduct further interviews, review documents, conduct small sample file reviews, etc. as time permits.
15. Determine matters of significance to be pursued in examination phase considering materiality, risk and sensitivity.
16. Write survey report which may include:
 - organization of the personnel branch;
 - description of key HRM systems and controls;
 - identification of audit criteria used;
 - a description of matters of significance and potential impact;
 - an outline audit plan for the examination phase.

The audit plan will generally include such information as:

- audit scope and related criteria;
 - potential findings;
 - interviews to be conducted, documents to be reviewed, etc.;
 - nature and source of audit evidence required;
 - resource requirements, target dates, etc.
17. Review survey report with HRM and audit Principals.
 18. Discuss results of survey and examination plan with senior personnel officer and key senior line manager(s) (auditor usually accompanied by comprehensive audit Principal or HRM Principal).

CHART 2

KEY TASKS IN THE EXAMINATION AND REPORTING PHASES

1. Review matters of significance identified in the survey. Develop detailed audit plan including interviews and interview questions, documents and files to be reviewed, sampling techniques, questionnaires to be administered, etc.
2. Review detailed plan with HRM and comprehensive audit Principals.
3. Conduct interviews, review documents, apply sampling techniques, etc. as required.
4. Review, where appropriate, audit findings from other audit projects and assess relationship to human resource systems and practices.
5. Develop tentative HRM observations and audit findings, both strengths and weaknesses.
6. At mid-point formally evaluate the extent to which evidence is sufficient/appropriate to substantiate findings/observations.

Note: Analysis of specific issues should go on throughout the audit.

7. Assess factors and circumstances that may prevent the department from taking corrective action on identified deficiencies.
8. Determine impact of deficiencies in HRM systems and practices and assess significance.
9. Determine cause of deficiencies, develop conclusions and recommendations.
10. Write final report including:
 - audit observations and findings;
 - cause/effect relationships for audit findings; and
 - recommendations.
11. Review report with HRM Principal.
12. Conduct formal debriefing sessions with audit organization in conjunction with comprehensive audit Principal and/or HRM Principal as required.
13. Assist comprehensive audit Principal as required in:
 - drafting appropriate section of the chapter in the Auditor General's annual Report;
 - detailing relevant follow-up information and suggestions to guide the staff that will subsequently be assigned the next HRM audit in the entity.

resource problems indicated through file analysis or analysis of numerical data;

- line managers who are representative of the various line organizations and, where appropriate, non-supervisory employees;
- the senior representative of the various personnel specialties such as human resource planning, training, and staffing and, as required, individual personnel specialists; and
- the senior internal HRM auditor.

If a comprehensive audit has been done before or another type of HRM review has recently been carried out in the organization, initial interviews should be held with the senior HRM internal auditor and the senior personnel representative. The objective of these interviews is to determine the reliability of existing information and the extent to which the department or agency has acted on the findings of previous audits.

Generally, auditors should interview the senior personnel manager before interviewing line managers. This procedure will help to ensure that the auditor has a broad perspective of the department's systems procedures and controls before addressing the output of systems and their effects and the roles and activities of line management.

The choice of whom to interview during the examination phase will depend on the matters of significance and the adequacy of the evidence obtained during the earlier phases of the audit. Those interviewed may be senior managers previously interviewed during the survey phase, employees at a more junior level, or managers in other sections of the organization.

The auditor should provide the comprehensive audit Principal with a list of people selected for interview, because the Principal may want to co-ordinate the activities of the team members. A senior member of the Office staff may accompany the auditor on senior level interviews.

Selecting the Interview Questions

The range and extent of subject matter to be pursued during interviews with departmental or agency officials in the survey phase depend on the specific lines of enquiry.

Appendix C contains interview questions for line managers and personnel specialists that address the major components of the HRM process. The questions for the senior personnel representatives and line managers cover all significant elements in the process and their effects; those for the senior representatives of personnel specialties such as human resource planning and training, etc. are generally restricted to the specialty concerned.

The auditor should regard the questions as a framework for developing and organizing material for interviews with officials of the organization being

audited. Questions should be added, deleted, or restructured consistent with the lines of enquiry and audit issues.

Introductory interviews with the senior personnel representatives and the more senior line managers should be general and should cover matters such as policy initiatives, trends, and the impact of systems on programs.

The scope and nature of questions required during the examination phase will depend on the matters of significance and the adequacy of the evidence previously gathered. The interview questions in Appendix C will help the auditor to develop questions that address matters of significance.

The content of each interview should be documented and be available for review by members of the Office staff.

Selecting and Using Survey Questionnaires

Under certain circumstances, using questionnaires to survey a statistically valid sample of an organization may be an appropriate audit technique for use in a human resource management audit. Questionnaires may be appropriate for collecting information on one or more deficiency that significantly affects a department's employees or its operations, when evidence cannot readily be obtained through more traditional audit processes.

Before using questionnaires to obtain audit evidence, the auditor should consider:

- whether the nature of the concern lends itself to questionnaire analysis;
- whether information obtained through supporting interviews will assist in interpreting questionnaire results;
- the feasibility of gathering sufficient reliable data through other means;
- the degree to which senior management in the entity supports the use of a questionnaire;
- the possibility of raising employee expectations through using a questionnaire; and
- the availability of resources with expertise in designing, administering and analysing questionnaires.

The Human Resource Management and the Efficiency and Effectiveness Audit groups should both be consulted before selecting and using questionnaires in the human resource management audit process.

Analysing Audit Evidence

The analysis of evidence obtained through interviews and the detailed examination of documents such as files, forms, policies, procedures and statistical information should take place throughout the audit process. Evidence should be closely reviewed at the midpoint and end of the survey and examination phases. This ongoing review process will minimize gaps in information and direct the auditor to areas where more audit work is needed.

The framework for analysing audit evidence will vary from audit to audit. However, the auditor usually analyses the audit findings for their relevance and interrelationships and develops observations with respect to individual findings or groupings of findings as they concern the audit criteria. Auditors should also identify causal factors of any deficiencies observed and, if feasible, their effects. Depending on the findings, auditors would also develop recommendations to address the deficiencies.

The importance of thoroughly analysing information cannot be underestimated. During interviews, a line manager, for example, could point out a particular problem area and suggest the cause. However, although the problem may indeed exist, the manager's perception of its cause may be incorrect. To illustrate: a manager might criticize the personnel unit for an unresponsive staffing process or for training programs that fail to meet organizational needs, or for a human resource planning process that inadequately addresses organizational realities. However, these problems may not originate in the personnel unit. Instead they may be due to managers not understanding (because of a lack of training) their own responsibilities in these areas.

The auditor should also exercise caution when inferring existence of weaknesses from quantitative data. For example, data on turnover, sick leave, numbers of appeals, and the ratio of staff specialists to line managers within an organization may appear to be higher than the public service average (see HRM group for current figures). However, the significance of the numbers will depend entirely on the organization's environment. For example, high turnover may be a much more significant matter in an organizational unit that requires extensive training of new staff than it is in an organization whose staff requires minimal training. In such organizations, the costs of reducing staff turnover, for example, by altering the nature of the work, may be much more costly than remedying the "problem".

Identifying Reportable Issues

The broad base of enquiry in a HRM audit means that the auditor will usually identify a number of audit issues which, depending on their significance, may be reported to Parliament or the audit entity, or both. In identifying reportable issues, the audit Principal will usually consider factors such as:

- how the observed deficiency affects departmental operations (e.g., lack of adequate planning in the staffing process causes delays in filling positions that directly affect program delivery);

- how the observed deficiencies affect the economy or efficiency of personnel programs (e.g., the lack of co-ordination of personnel activities at the corporate level leads to unnecessary duplication in the development of training programs across regional offices);
- the potential effect of a deficiency that may result in high risk or materiality (e.g., the lack of any systematic analysis of how the existing skills and abilities of the workforce relate to future demands for human resources as a result of new programs or phasing out existing ones);
- the characteristics of the audited organization that may affect the extent to which the audit Principal views an issue as being significant (e.g., lack of a formal process of succession planning for key positions would normally be viewed as significant in a large organization, but not necessarily in a smaller organization where informal systems may satisfy organizational needs);
- the degree to which the observed deficiencies support issues raised as a consequence of other lines of enquiry in the comprehensive audit (e.g., observed lack of planning and ad hoc resource allocation within the personnel organization related to broader deficiencies noted in planning systems throughout the organization.)

The HRM group reviews all HRM reports or chapter sections before they are released to management of the audited organization or published in the annual Report.

Part III - Human Resource Management Audit Areas
Section 1 Management of the Personnel Function

Introduction

Human resource management is concerned with the management of people at work. The ultimate purpose of human resource management is to acquire, motivate, deploy and reward employees so that the contribution of each toward meeting the objectives of the organization is maximized.

Human resource management affects every operation in an organization. It is fundamentally the responsibility of the line manager, whose job it is (through planning, resourcing, developing, directing, deploying and rewarding) to maximize the potential of human resources within an organization. To assist managers in carrying out this task, most large organizations employ personnel specialists. Their function is largely to provide advice, guidance and specific support services to management.

Because the personnel organization can be carrying out a variety of activities involving many personnel specialties, the degree to which it is well managed can significantly affect the ability of all managers in a department or agency to manage the resources entrusted to them.

The Role of the Personnel Organization

The delineation of responsibilities in personnel organizations differs depending on the department, although personnel specialists generally fulfil three major roles.

Advisory role. The personnel organization is generally responsible for developing personnel policies, strategies, procedures and systems originating from departmental or central agency initiatives and for advising line managers on their application.

To do this job effectively, the personnel organization keeps abreast of current developments in applicable legislation, government policies, the behavioural sciences, and labour-management relations. Personnel specialists translate this body of knowledge into relevant, workable policies, taking into account the organization's operational constraints.

The advice that personnel specialists provide on policies, systems and management services generally covers each of the major personnel functions:

- human resource planning;
- resourcing;
- training;
- performance review and appraisal;
- compensation management; and
- labour relations.

Although personnel specialists are usually involved in the initial development of personnel policies, they do so as a service to senior management, which is ultimately responsible for determining the policy direction the organization eventually follows.

Service role. In most organizations, personnel specialists are responsible for maintaining personnel systems and records and for delivering significant portions of personnel programs. Personnel specialists, for example, may be responsible for designing and conducting training programs, although line managers may be involved in both the design and delivery phases. Similarly, personnel specialists often conduct analyses of attrition, turnover, retirement rates, etc. for use by line managers preparing their human resource plans.

The service role varies significantly from one functional personnel specialty to another. More detailed descriptions of this role are contained in other sections of this Guide. The auditor should refer to this material, to the organization's procedural manuals, and to the job descriptions of personnel officers for a description of the services personnel officers are expected to provide.

Control role. The primary control role of the personnel organization is to administer those government-wide policies and programs established by the central agencies and delegated to the deputy minister, who in turn has delegated them to the personnel specialist. In addition, the role includes the administration of departmental policies and systems approved by management to help ensure that they are implemented and maintained consistently throughout the organization.

A number of externally imposed controls operate in the public service environment. Therefore personnel specialists need considerable expertise to strike an appropriate balance between providing service to line managers and exercising control over policies and systems. Central policies address the ongoing operational components of human resource management as well as matters such as affirmative action programs, official languages, government-wide management development programs and the information required by central agencies for monitoring and evaluation purposes.

Managing the Personnel Function

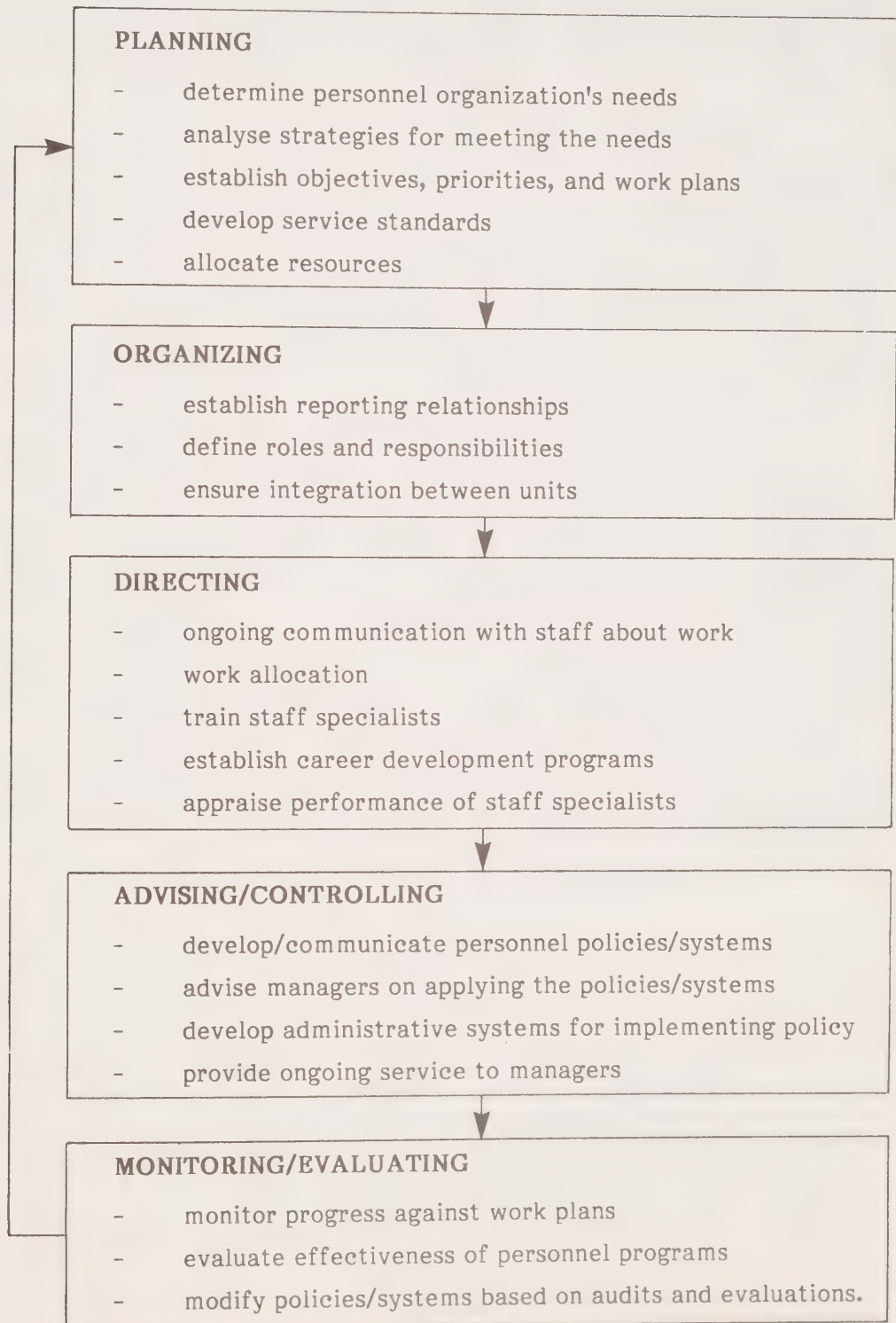
The management process for a personnel organization is described below and illustrated in Figure 3.

Planning

To a large extent, the activities of the personnel organization depend on the human resource implications of ongoing and planned departmental programs and activities. To develop its own operational objectives and work plans, the personnel branch must be aware of the anticipated needs of line managers for its services. Usually the branch keeps up to date on these needs by obtaining information from line managers on their projected demands in areas such as

FIGURE 3

MODEL OF MANAGEMENT OF THE PERSONNEL FUNCTION



staffing, classification and training and through the involvement of personnel officers in the operational planning process conducted by line managers.

Although certain aspects of personnel work can be planned, some activities will be reactive. It should be possible, for example, to plan staffing actions based on historical attrition in an organization where large numbers of people perform similar jobs. However, such planning would be more difficult in an organization where employees perform a number of different jobs.

If operational work plans for the personnel function specialties are prepared in sufficient detail, personnel managers can determine the number of employees and the skill levels required to carry out the plans. Standards for providing an acceptable level of service and historical work load indicators are useful in areas such as staffing and classification. For these, it is possible to establish norms for turnaround time, the number of actions processed by a personnel officer, etc.

Organizing

No single organizational arrangement is appropriate to all personnel activities. In a centralized organization, the personnel specialist functions may be located in the headquarters unit, whereas in a decentralized structure, personnel specialists may be located in branches or regions as well as in headquarters. The regional or branch personnel function may report either to headquarters personnel or to the senior branch or regional manager. In the latter arrangement, headquarters personnel generally are responsible for developing and evaluating policy and sometimes may have functional responsibility for branch or regional personnel activities. In decentralized personnel organizations, headquarters personnel must necessarily remain abreast of planned and existing personnel activities throughout the organization.

Within both centralized and decentralized structures, effective levels of service can be facilitated by various organizational arrangements such as:

- having individual sections provide services such as staffing, classification and training to the entire organization;
- creating organizational units composed of personnel generalists who meet all the personnel needs of a branch or division. This type of arrangement is often referred to as "one-stop shopping".

The auditor's primary concern in this area lies in the extent to which personnel activities are co-ordinated and integrated throughout the organization. In a decentralized personnel organization, communication between headquarters and the field offices and among field offices is essential because it facilitates an integrated approach to developing and implementing policies and systems. Communication also facilitates the exchange of information on human resource practices that have produced good results in different parts of the organization.

Another important organizational issue concerns the reporting relationship of the senior personnel officer. He or she may report direct to the

deputy minister, or to the deputy through a more senior officer who may also have responsibility for the financial or administrative function.

If the senior personnel officer reports through a more senior officer, some mechanism should ensure that the person to whom he or she reports has a sound understanding of human resources matters and can advise other senior departmental managers in this area. Alternatively, the senior personnel officer may be a member of the senior management committee, even though the reporting relationship is not direct to the deputy.

Directing

The capacity of the personnel unit to maximize the level of service it provides depends both on the adequacy of its operational planning and organizational structure and on the way it manages its resources. Effective management processes usually include setting criteria for levels of service, assessing personnel specialists against these criteria and identifying the short-term and long-term training and career development needs of the personnel organization. Another key management activity of the personnel organization is to project the need for personnel specialist resources, taking into consideration retirements, turnover, program changes, etc.

In the public service, the training and career development needs of personnel specialists are partially determined by policies established by the central agencies. These policies provide for the training and certification of individuals in such areas as staffing and classification as a condition of delegation. Departments and agencies are responsible for making sure that their personnel specialists receive this training in addition to any other training specific to the organization's needs as a whole.

In decentralized personnel operations where personnel specialists in the field report direct to a line manager, the performance assessments and career development plans of staff specialists would normally have input from senior personnel officers. This input helps to ensure consistency in the evaluation process and contributes to making informed decisions for career development purposes.

Developing Policies and Systems

As indicated previously, the personnel specialists are usually responsible for ensuring that policies exist for all major human resource activities and that they are approved by senior management. Such policies normally are the basis on which human resource systems and procedures are developed within the organization. The policies may be based on central agency policies or directives and would cover the intent of the department and the respective roles and responsibilities of line managers and personnel specialists in headquarters and regional offices. To help ensure that the needs of line managers are addressed, the personnel organization would usually involve them as much as possible in developing policies, systems and procedures. This involvement is important because it fosters the commitment on the part of line management to the policies or systems involved.

The personnel organization is also responsible for explaining the intent of policies through general directives and guidelines. This requirement is met by ensuring that policy manuals are available to line managers and through other means such as training.

Monitoring and Evaluating

The monitoring and evaluation processes are important to the personnel organization. They provide the means of assessing whether personnel policies and systems are achieving the intended results and whether the personnel organization's goals and targets are being achieved. All major personnel policies and systems should be evaluated periodically and modified as required. The information on which such modifications are based include monitoring information, the results of evaluations made by the personnel organization and the results of internal audits or audits conducted by the central agencies.

The personnel organization would also monitor its operating programs against established work plans and service standards and modify its programs or take other appropriate action as required.

Audit Criteria and their Application

Because of the wide variation of personnel management systems and practices across organizations, the auditor is cautioned to apply judgement when assessing them. The audit criteria listed below are guidelines and have been tested in a number of human resource management audits.

Criterion No. 1: Operational objectives and work plans of the personnel organization should reflect the human resource needs of the department or agency.

- The operational objectives and work plans should be derived from and supportive of the department's objectives, strategic plan and operational plans and should provide for projected human resources needs for new and ongoing activities.
- The determination and allocation of resources and the setting of priorities should be based on operational objectives and work plans and the application of service standards where appropriate.

Criterion No. 2: The organization and co-ordination of the personnel activities should be appropriate to providing an acceptable level of service to line managers.

- Mechanisms should be in place to ensure co-ordination and integration between personnel staff activities in

headquarters and between headquarters and regional units.

- The reporting relationship of senior personnel officers should be appropriate to providing departmental management with advice and guidance on matters related to the management of human resources.

Criterion No. 3: The management practices within the personnel unit should provide for the training, career development and appraisal of personnel specialists appropriate to meeting organizational needs.

- Those responsible for carrying out human resource activities should receive training and information appropriate to carrying out their responsibilities.
- Regular assessments should be made of the performance of personnel specialists and the related career development activities required to meet the short and long-term objectives of the personnel organization.
- Senior personnel officers should have information concerning the performance of personnel officers in the field to serve as a basis for input for performance appraisals.

Criterion No. 4: Policies and directives for major personnel activities should be developed and communicated and should form the basis for developing systems to support management activities.

- The policies and directives should set out the respective responsibilities for conducting human resource management activities of personnel specialists and line managers both in headquarters and in the field.
- Policies, directives and systems should be developed in consultation with those affected by them and should be approved by senior management and effectively communicated to line managers.

Criterion No. 5: Personnel policies, systems and practices should be monitored and their effectiveness should be evaluated.

- Mechanisms to monitor major personnel activities and services against work plans and service standards should be in place.
- The extent to which the objectives of major personnel activities are being met should be evaluated periodically.

- The results of central agency and departmental audits/evaluations should be considered in the development and modification of personnel policies, directives and systems.

Examples of possible audit activities for each of the criterion elements of the management of the personnel function are included in Chart 3. The auditor should review this chart in conjunction with Part II of this Guide, specifically the section "Application of Audit Criteria".

CHART 3
MANAGEMENT OF THE PERSONNEL FUNCTION
POSSIBLE AUDIT ACTIVITIES BY CRITERION ELEMENT

(1)

CRITERIA	SURVEY	INDICATORS OF ISSUES	EXAMINATION
<p>1. <u>Operational objectives and work plans of the personnel organization should reflect the human resource needs of the department or agency.</u></p> <p>The operational objectives and work plans should be derived from and supportive of the department's objectives, strategic plan and operational plans and should provide for projected human resources needs for new and ongoing activities.</p>	<ul style="list-style-type: none"> ● Review planning documents of personnel organization. ● Determine if plans and objectives exist for the personnel organization; determine when they were developed and what were the inputs to the process. ● Determine whether human resource plans of line managers were taken into consideration. If not, why not? ● Review sample plans of managers. ● Determine whether management is satisfied with services provided by the personnel organization (see criterion 3). 	<ul style="list-style-type: none"> ● No formal plans and objectives are established. ● Strategic/operational and human resource plans of line managers are not used as input to work plans of the personnel organization. ● Line managers indicate that the personnel organization is solely reactive and is not organized to respond in a planned way to human resource needs where this is possible. 	<ul style="list-style-type: none"> ● If there are concerns that the work plans of the personnel organization are not supportive of identified departmental needs: <ul style="list-style-type: none"> - Compare the strategic and operational plans of the department with those of the personnel organization work plans to identify inconsistencies. - Through management interviews, identify areas that have not been taken into consideration in personnel plans. - Assess impact of inadequate planning.
<p>The determination and allocation of resources and the setting of priorities should be based on operational objectives and work plans and the application of service standards where appropriate.</p>	<ul style="list-style-type: none"> ● Determine ratio of personnel specialists to employees. ● Review sample work plans for major personnel activity areas to determine if tasks are documented in sufficient detail from which to determine resource requirements. 	<ul style="list-style-type: none"> ● Ratio of specialists appears high. (see HRM group for basis of comparison) ● Resources apparently allocated on an ad hoc basis - work plans not broken down in detail. 	<ul style="list-style-type: none"> ● If there are concerns about the allocation of resources in the personnel unit: <ul style="list-style-type: none"> - Determine nature of problem (i.e., is it limited to a specific personnel function?).

CHART 3
MANAGEMENT OF THE PERSONNEL FUNCTION
POSSIBLE AUDIT ACTIVITIES BY CRITERION ELEMENT

(2)

CRITERIA	SURVEY	INDICATORS OF ISSUES	EXAMINATION
	<ul style="list-style-type: none"> • Determine if service standards have been established and how they have been used in determining resourcing levels. • Where standards don't exist, determine how resources are allocated for new/ongoing progress. • Determine if/how priorities are developed. • Assess level of satisfaction of staff specialists and line managers with resource levels of personnel organization (see criterion 4). 	<ul style="list-style-type: none"> • Service standards do not exist where they might reasonably apply, or they are out of date. • Priorities do not exist or are in conflict with organizational priorities. • Dissatisfaction with level of resourcing; e.g., apparent shortages of personnel staff in some areas and surpluses in others with an apparent impact on level of service provided. 	<ul style="list-style-type: none"> - Determine scope of problem (i.e., does a significant number of managers feel that inadequate levels of service may be resulting from inadequate resource allocation?). - Determine causes of inadequate resource allocation. - Determine impact on organization. (Note: shortage of resources in certain areas over a period of time may be justified in light of priorities in other areas).

**MANAGEMENT OF THE PERSONNEL FUNCTION
POSSIBLE AUDIT ACTIVITIES BY CRITERION ELEMENT**

CRITERIA	SURVEY	INDICATORS OF ISSUES	EXAMINATION
2. The organization and co-ordination of the personnel activities should be appropriate to providing an acceptable level of service to line managers.			
Mechanisms should be in place to ensure co-ordination and integration between personnel staff activities in headquarters and between headquarters and regional units.	<ul style="list-style-type: none"> Determine communication mechanisms (directives, meetings etc.) used between headquarters and regions and within headquarters personnel units. Determine frequency of formal and informal communications. Through interviews with line managers and staff specialists, determine whether there are concerns about the integration and co-ordination of personnel activities. 	<ul style="list-style-type: none"> Regular meetings between senior managers of personnel specialties in headquarters are not held. There is evidence of general lack of communication between units. Infrequent communication between regions and headquarters personnel units. Evidence of variance of views on policy implementation and system development that are not reviewed by the parties concerned. Generally strained atmosphere between personnel units with apparent impact on quality, cost of service provided. 	<ul style="list-style-type: none"> If there are indications of lack of co-ordination and integration of personnel activities between regions and headquarters or within headquarters units: <ul style="list-style-type: none"> Through additional interviews and visits to other regional offices, determine extent of concern and reasons for communication gaps. Determine impact on programs (e.g., lack of communication between units in headquarters resulting in inconsistencies or discrepancies in related personnel policies or programs; poor communication between regions and headquarters resulting in ineffective implementation of policies or unnecessary duplication in programs across regions due to lack of information dissemination).
The reporting relationship of senior personnel officers should be appropriate to provide departmental management with advice and guidance on matters related to the management of human resources.	<ul style="list-style-type: none"> Determine if senior personnel officer reports direct to deputy or through a more senior officer. 	<ul style="list-style-type: none"> Senior personnel officer reports through more senior officer but meetings are infrequent and senior personnel managers express concern about lack of management attention to human resource issues. 	<ul style="list-style-type: none"> If concerns exist that may relate to reporting relationship of senior personnel officer: <ul style="list-style-type: none"> Determine specific nature and cause of concern. (Note: perception of senior management of such matters as inadequate service from personnel may be caused by many factors other than reporting relationship.)

CHART 3
MANAGEMENT OF THE PERSONNEL FUNCTION
POSSIBLE AUDIT ACTIVITIES BY CRITERION ELEMENT

(4)

CRITERIA	SURVEY	INDICATORS OF ISSUES	EXAMINATION
<p>3. The management practices within the personnel organization should provide for the training, career development and appraisal of personnel specialists appropriate to meeting organizational needs.</p> <p>Those responsible for carrying out human resource activities should receive training and information appropriate to carrying out their responsibilities.</p>	<ul style="list-style-type: none"> • If reporting through senior officer, determine extent of communication about personnel matters. • Through interviews, ascertain if senior personnel officer perceives reporting relationship is supportive of service role. • Interview senior line managers to determine if they perceive appropriate advice/support is provided on matters related to human resources and the extent to which they have been educated on HR matters. 	<ul style="list-style-type: none"> • Senior line managers seems to have limited understanding of personnel issues facing the organization. • Senior management seems to be concerned about service provided by personnel unit. 	<ul style="list-style-type: none"> - Obtain examples of difficulties that may have arisen due to the reporting relationship (i.e., lack of commitment of senior line management to significant human resource issues). - Determine if alternatives were considered to reporting relationships (or senior personnel officer sitting on management committee).
			<p><u>Note:</u> There is no single appropriate reporting relationship. The important point is that the individual who represents personnel on the senior management committee is able to serve as an "educator" and "supporter" to senior line management, on human resource matters. If this is not taking place, the auditor may find examples of human resource issues that are not being adequately addressed within the organization.</p>
	<ul style="list-style-type: none"> • Determine extent to which personnel specialists have received training required by central agencies. 	<ul style="list-style-type: none"> • Only a small proportion of the personnel specialists have attained the required qualifications even though they are all carrying what appear to be full workloads in the specialty area concerned. 	<ul style="list-style-type: none"> • Conduct additional interviews with line and staff to determine: <ul style="list-style-type: none"> (a) extent to which line managers are concerned about the level of service from the personnel organization;

CHART 3
MANAGEMENT OF THE PERSONNEL FUNCTION
POSSIBLE AUDIT ACTIVITIES BY CRITERION ELEMENT

CRITERIA	SURVEY	INDICATORS OF ISSUES	EXAMINATION
	<ul style="list-style-type: none"> Assess adequacy of training and communication to line managers in regard to HR related matters. Identify if there are individuals who have not received required training but who carry full workloads in personnel specialty areas. Through interviews with line managers, determine satisfaction with service provided by personnel unit. If there are individuals outside the personnel units (i.e., in administrative positions) who provide major support roles and advise line managers on human resource matters, determine if adequate training and information has been given. 	<ul style="list-style-type: none"> Managers appear to lack critical information regarding HR activities for which they have some responsibility. Managers express concerns about service provided by personnel unit (e.g., specialists don't understand their concerns; level of advice offered appears to be inadequate with apparent impact on operations). 	<p>(b) effect on operations of managers lacking HR information.</p> <p>(c) degree to which training of personnel officers is the cause of noted weakness (there are many other reasons for concerns with level of service).</p> <p>Note: Caution should be exercised in interpreting findings in this area. Service is not the only role of the personnel unit - there are necessary control features as well. The auditor should consult HRM group if issues appear to be significant in this area.</p>
Regular assessments should be made of the performance of personnel specialists and the related career development activities required to meet the short and long-term objectives of the personnel organization.	<ul style="list-style-type: none"> Determine completion rates of PE appraisals (see section of Audit Guide on PREA for detailed audit techniques in this area). Ascertain if there is a formal process in place to review PE appraisals in headquarters and regions for consistency. Determine extent to which formal consideration is given to the identification of likely future vacancies of key personnel specialist positions and of the career development opportunities they present to the existing staff. 	<ul style="list-style-type: none"> No systematic process exists for assessing the performance of personnel specialists in the department and determining career development moves that may be appropriate to meet organizational needs. The personnel organization does not appear formally to assess its short and long-term human resource requirements (e.g., does not assess where retirements are likely to occur in key positions, turnover, etc.). 	<ul style="list-style-type: none"> Determine impact/potential impact of the lack of planning and employee development. (e.g., vacant positions without back-up resources due to lack of planning with subsequent impact on level of service to managers; personnel specialists with insufficient exposure to various disciplines with subsequent impact on services provided.)

CHART 3
MANAGEMENT OF THE PERSONNEL FUNCTION
POSSIBLE AUDIT ACTIVITIES BY CRITERION ELEMENT

(6)

CRITERIA	SURVEY	INDICATORS OF ISSUES	EXAMINATION
Senior personnel officers should have information concerning the performance of personnel officers in the field to serve as a basis for input for performance appraisals.	<ul style="list-style-type: none"> Identify who completes performance review and appraisals of personnel officers in the field. If line managers complete appraisals, determine if input is sought from senior personnel officers in headquarters or in the field on an ongoing basis. Determine if processes exist to ensure senior personnel officers are aware of performance of specialists in the field. 	<ul style="list-style-type: none"> Senior line managers in the field are responsible for completing the annual performance assessment of personnel specialists in the field and input from a senior personnel specialist is not sought. Senior personnel specialists are not sufficiently aware of the ongoing performance of personnel officers in field offices to assess their performance adequately. 	<ul style="list-style-type: none"> Examine selected appraisals from staff specialists in the field to determine criteria against which line managers have assessed their performance. Determine if senior personnel officers agree with criteria used and whether they have additional performance-related information that should have been included. Determine impact of lack of specialist input into the performance assessment (e.g., line managers may assess specialist against criteria such as level of service provided, but service provided may be at the expense of essential system controls required by corporate policies).
4. Policies and directives for major personnel activities should be developed and communicated and should form the basis for developing systems to support management activities.	<ul style="list-style-type: none"> Review documented policies and directives to determine if responsibility for all personnel activities have been assigned and if policies are current. Determine, through interviews with selected line managers, whether the allocation of the responsibilities is clear. 	<ul style="list-style-type: none"> Some policies are not developed and/or updated for major personnel functions. Comments from specialists and/or line managers indicate that the policies and directives are unclear, ambiguous or ineffective. Some specialists or line managers are not conversant with policies and directives that affect their human resource management responsibilities. 	<ul style="list-style-type: none"> If it appears that roles and responsibilities are not clearly allocated or understood, through interviews or questionnaires: <ul style="list-style-type: none"> - Determine in what areas there is confusion with respect to roles and responsibilities. - Determine impact of lack of clarity (e.g., duplication of responsibilities; lack of credibility of personnel organization resulting in non-adherence to established policies).
The policies and directives should set out the respective responsibilities for conducting human resource management activities of personnel specialists and line managers both in headquarters and in the field.			

**MANAGEMENT OF THE PERSONNEL FUNCTION
POSSIBLE AUDIT ACTIVITIES BY CRITERION ELEMENT**

CRITERIA	SURVEY	INDICATORS OF ISSUES	EXAMINATION
<p>Policies, directives and systems should be developed in consultation with those affected by them and should be approved by senior management and effectively communicated to line managers.</p>	<ul style="list-style-type: none"> Determine the process by which personnel policies, directives and systems are developed. Determine if both users and specialists are involved in the process and if they are satisfied with their respective roles. Determine if managers receive adequate communication (training) regarding policy intent and roles and responsibilities for human resource management matters. 	<ul style="list-style-type: none"> Users and/or appropriate specialists did not appear to participate in the development of personnel policies and systems. A large percentage of line managers have not received adequate communication or training in major personnel specialty areas such as staffing and classification (required by central agencies) and with regard to the division of responsibilities between the human resource specialists and the line managers for human resource management activities. 	<ul style="list-style-type: none"> Determine extent to which personnel policies and systems meet management's needs by interviewing larger sample of managers. If feasible, determine impact of non-involvement (e.g., obtain examples of policies/systems that impede operations). Determine impact of lack of communication/training (e.g., roles and responsibilities as stated in policy not clearly understood; certain responsibilities not carried out; duplication in others; impact on operations, etc.).
<p>Personnel policies, systems and practices should be monitored and their effectiveness should be evaluated.</p>	<ul style="list-style-type: none"> Determine if managers and/or personnel specialists monitor major activities and services. 	<ul style="list-style-type: none"> Projects are behind schedule or have been abandoned. 	<p>Note: The auditor will have to distinguish between aspects of policies/systems that address central agency requirements and those subject to departmental discretion. Where problems are noted with policies/systems pertaining to central agencies, the auditor should inform the HRM group.</p> <ul style="list-style-type: none"> If there are concerns that objectives are not being met or that systems and practices are not being monitored or evaluated:
<p>Mechanisms to monitor major personnel activities and services against work plans and service standards should be in place.</p>			

5. Personnel policies, systems and practices should be monitored and their effectiveness should be evaluated.

Mechanisms to monitor major personnel activities and services against work plans and service standards should be in place.

CHART 3

MANAGEMENT OF THE PERSONNEL FUNCTION POSSIBLE AUDIT ACTIVITIES BY CRITERION ELEMENT

(8)

CRITERIA	SURVEY	INDICATORS OF ISSUES	EXAMINATION
The extent to which the objectives of major personnel activities are being met should be evaluated periodically.	<ul style="list-style-type: none"> • Determine extent of evaluation of policies/systems. • Determine if action is being taken in those areas where progress has lagged or where services provided are below standard. 	<ul style="list-style-type: none"> • Service levels are below standard where such standards have been developed. • No corrective action has been identified as required or, if it has, action has not been taken. • Repeated changes have occurred in target completion dates. • Complaints of poor service from users (see criteria 1 and 3). 	<ul style="list-style-type: none"> - Determine causes of failure to follow schedules, standards. - Determine perception of line managers regarding appropriateness of policies and services. - Determine whether plans exist for corrective action on known problems. - Determine potential impact of lack of monitoring/evaluation.
	<ul style="list-style-type: none"> • Review the results of previous audits and evaluations. • Review action plans developed as a result of these reports and determine if all significant issues have been addressed. • Determine extent to which action is still in progress. 	<ul style="list-style-type: none"> • Audits and evaluations are ignored. • Action plans do not address all significant issues. • Prompt action is not taken in rectifying significant weaknesses. 	<ul style="list-style-type: none"> • If results of audits and evaluations appear to be ignored, determine the impact of failure to address known deficiencies.
The results of central agency and departmental audits/evaluations should be considered in the development and modification of personnel policies, directives and systems.			

Part III - Human Resource Management Audit Areas
Section 2 Human Resource Planning

Introduction

Human resource planning refers to the systems and procedures for ensuring that the *appropriate numbers of people* with the required skills are available, when and where they are needed, to meet the needs of organizational programs.

Human resource planning focuses on the organization, not on the individual. It deals with long-range productivity and organizational continuity and is integrated with the other planning functions of an organization and with other personnel activities such as training and development and recruitment. Human resource plans are developed in relation to the objectives and work plans of an organization and in response to its identified net human resource requirements.

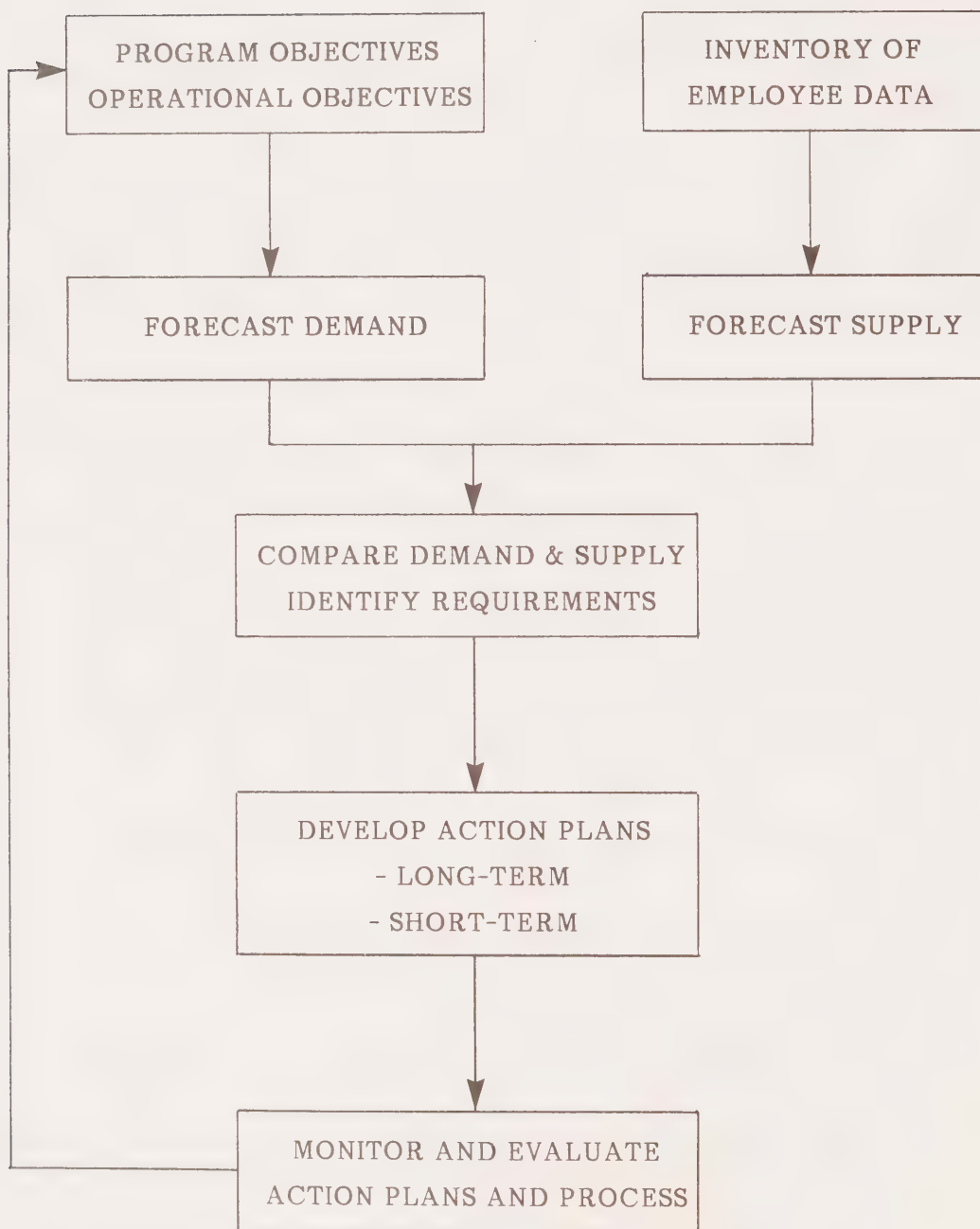
Every government organization can benefit from developing plans for meeting its human resources needs. Human resource plans identify the number and types of people that the organization currently needs and will need within the next few years to accomplish its objectives. Plans are derived from comparing expected future demand for staff with the "anticipated availability" of existing resources. They also indicate what the organization must do to reconcile any discrepancies between the supply and the demand. "Anticipated availability" refers to that portion of the human resources currently available that will still be available during the planning period, after taking into account the expected effects of variables such as retirement, separations and promotion potential. The detail and formality of an organization's human resource planning processes are determined by its size, complexity, and the sophistication of its other planning systems. Figure 4 illustrates a model of a standard human resource planning process.

Human resource planning consists of four interrelated areas of activity:

- **Demand forecasting** - estimating the human resources needed to carry out corporate and operational plans, taking into account forecasts of future activity levels.
- **Supply forecasting** - estimating the future availability from both internal and external sources of the human resources required.
- **Comparing supply and demand** - analysing supply and demand forecasts to identify future shortages or surpluses.
- **Action planning** - preparing plans to deal with forecast deficits or surpluses of human resources through activities such as staff recruiting, separations, training, development and transfers.

FIGURE 4

HUMAN RESOURCE PLANNING PROCESS



The Human Resource Planning Process

In the following paragraphs, the four activities involved in the human resource planning process are described in greater detail.

Demand Forecasting

Demand forecasting involves estimating the human resource requirements of the organization; that is, the number and type of staff that will be needed in the future. A number of variables have to be taken into consideration when identifying the human resource needs of an organization, including the impact of:

- organizational and technological changes;
- new or revised legislation or central agency requirements for policies and systems;
- new programs and revisions to existing programs; and
- improvements in efficiency.

In forecasting resource needs, techniques such as historical trend analysis or work measurement often supplement managerial judgement. In many instances, a combination of methods for forecasting demand is required.

The manager plays a key role in forecasting, particularly when no comparable activities have been performed previously and measurement techniques are not applicable. Where historical trend analysis is used, ratios between activity levels and number of staff are determined and applied to future workload expectations to derive a rough forecast of future resource requirements. Although historical trend analysis is easy to understand and use, its value depends on the validity of the ratios, realistic projections of activity levels and whether the effect of improved performance or changed methods is taken into account.

Work measurement is a more precise forecasting technique. It is used where it is possible to calculate how much output (goods or services) should be produced for a given amount of input (labour). The work standards derived in this way can be used to project future workloads and estimate future resource requirements.

Supply Forecasting

Supply forecasting estimates the number of people that will be available in the future, taking into account projected retirements, resignations, separations, promotions and leaves of absence. Usually an organization would have a data base or inventory of employee-related information from which these projections can be made. This inventory would usually comprise basic employment data for all employees and more detailed information on experience, skills, linguistic status and promotion potential for critical groups of employees.

Supply forecasting may be carried out either for an organizational unit, such as a branch or division, or for the organization as a whole. Within the public service, central agencies may carry out supply forecasting for key employee groups employed by many departments.

Global supply forecasting for all employees can involve analysing variables such as projected retirements, turnover rates by occupation, function or location or market availability for specific groups. In some organizations, detailed supply forecasting is limited to occupational groups in which the employees are in key positions, such as senior management or in specialized fields in which recruitment is difficult. For these key groups, supply forecasting by group, level, location, and skills can lead to specific developmental programs to ensure the availability of qualified people for the future. Detailed forecasting may not be necessary in other areas where skilled resources are easily obtainable.

In large organizations, it is possible to predict the percentage of employees in particular categories who are likely to be promoted or transferred. This type of prediction is based on a "chain reaction" factor, which gives a broad indication of the number of displacements that may occur. If a senior manager leaves, for example, a chain reaction may result in a number of promotions within the management cadre. This type of analysis provides a rough estimate of the number of employees who will have to be replaced because of transfers or promotions and provides the base from which other planning decisions can be made.

Comparing Supply with Demand

An organization determines its human resource requirements by relating the supply to the demand forecasts and identifying future shortages or surpluses. This reconciliation allows a department or agency to determine the number of people that will have to be recruited, transferred, trained or separated and forms the basis for the development of appropriate action plans.

Information related to these considerations should be taken into account in developing operational workplans. These workplans should be detailed enough to enable the organization to translate its activities into human resource requirements, which should then be reflected in the financial planning exercise.

Action Planning

Plans should be developed to resolve staff imbalances through recruitment, transfer, separation, promotion, training, development or relocation. Many organizations refer to these action plans as human resource plans.

Action plans may be long-term or short-term. Long-term or strategic plans frequently concentrate on the human resource implications of major changes in an organization's objectives and priorities. Action plans designed for the shorter timeframe are generally more detailed and cover a budget year or less. Often they have a local focus - i.e., they address problems encountered in a responsibility centre, branch or division.

Detailed action plans should identify the costs of implementing the proposed plan, the implementation timeframe and the individuals responsible for implementation. A detailed action plan, for example, will set out the numbers and types of people that must be recruited and will indicate when and where they will be required. Any special supply problems, such as difficulties in recruiting staff with scarce skills or difficulties in recruiting for positions in remote locations may be detailed and plans for dealing with these problems included. The recruitment timeframe, the costs for travelling, advertising, etc., and the individuals involved in the process will also be identified.

In the public service, action plans should usually take into account the objectives of special central agency programs, such as the affirmative action programs for handicapped, indigenous peoples, women and francophones.

Often, the plans of individual work units are integrated with a master plan for the entire organization. The need for an integrated plan depends on variables such as the size and complexity of the organization and the extent to which occupational groups or groupings of employee skills are common to a number of organizational units.

Roles and Responsibilities for Human Resource Planning

The responsibility for human resource planning rests primarily with the line manager to whom personnel specialists provide advice. The personnel specialist may also be responsible for conducting macro human resource planning analyses on behalf of line management. Although the responsibilities of each may differ depending on the organization, a typical division of responsibilities is set out here.

The role of the line manager may include:

- determining the human resource implications of strategic or operational plans for use in demand forecasting;
- analysing the demand based on forecasting techniques;
- forecasting labour supply from data provided by the personnel specialist and the central agencies;
- determining what action should be taken to resolve imbalances in supply and demand; and
- ensuring action plans are carried out.

The role of personnel specialists may include:

- providing senior management with an analysis of the critical areas of labour supply;
- providing input and advice to senior management on developing human resource strategies;

- assisting line managers in supply forecasting and developing action plans by advising on the options available to resolve shortages or surpluses in skills or resources, and estimating timeframes and costs involved;
- integrating the action plans of individual work units into a human resource plan that reflects the requirements of the entire organization or major components of it;
- assuming responsibility for carrying out specific aspects of action plans;
- utilizing action plans of managers for corporate personnel management planning purposes; and
- monitoring the implementation of action plans, assessing the degree to which the objectives of these plans are being achieved and suggesting modifications to them as appropriate.

Policies

The human resource planning process in public service departments and agencies is based largely on Treasury Board policies, which are published in the Personnel Management Manual – Volume 4, Chapter 2. The Treasury Board also issues bulletins on the application of these policies. The auditor should be familiar with the Personnel Management Manual and the bulletins that affect the application of human resource planning policies. Both the Treasury Board and the Public Service Commission also have policies dealing with minority groups, women and handicapped persons in the public service. Auditors should understand the intent of these policies and their applicability to the organization under review. In addition, auditors should be aware that these policies and bulletins may be modified or replaced because of developmental work now under way at the Treasury Board Secretariat.

Audit Criteria and their Application

Because human resource planning processes vary widely across organizations, the auditor is cautioned to apply a considerable amount of judgement in assessing systems and practices in this area. The audit criteria listed below are guidelines for arriving at that assessment and reflect the four basic components of the human resource planning process. They are consistent with the Treasury Board policy in this area and should be used in conjunction with the applicable criteria for management of the personnel function.

Criterion No. 1: The demand for human resources should be forecast.

- The human resource implications of organizational and technological change, new or revised programs, changes to legislation, corporate priorities, and central agency priorities should be considered.

- The number, type, level and location of employees needed to carry out operational objectives and/or work-plans should be identified.
- The determination of human resource requirements should be based on work measurement techniques where feasible.

Criterion No. 2: The future availability of existing human resources should be forecast.

- Current, accurate inventories should be maintained of basic employment data for all employees, and include other relevant career data such as experience, skills, language capability and promotion potential for critical occupational groups and levels.
- The forecast of resource availability should be based on the analysis of turnover statistics, retirement profiles, promotion potential, the results of succession planning and other relevant data such as the labour market.

Criterion No. 3: The demand for human resources should be compared with information on the future availability of existing resources to identify shortages and surpluses.

- The impact of identified shortages or surpluses, where significant, should be taken into account in operational and financial planning.

Criterion No. 4: Action plans should be prepared to resolve identified imbalances in the number or skills of human resources.

- Action plans such as recruitment, separation, training, development or relocation should identify the costs of implementation, the implementation timeframe and the individuals responsible for implementation.
- The implementation of action plans should be monitored periodically, the results assessed to determine the degree to which objectives are being met and the plans modified as required.

Examples of possible audit activities for each of the criterion elements in the human resources planning process are included in Chart 4. The auditor should review this chart in conjunction with Part II of this Guide and, specifically, the section "Application of Audit Criteria".

CHART 4
HUMAN RESOURCE PLANNING
POSSIBLE AUDIT ACTIVITIES BY CRITERION ELEMENT

(1)

CRITERIA	SURVEY	INDICATORS OF ISSUES	EXAMINATION
1. <u>The demand for human resources should be forecast.</u>	<ul style="list-style-type: none"> • Determine whether major changes of this nature have occurred or are in the planning stages. • Determine if the effect of the changes on human resources has been assessed. • If implications have been assessed, determine if considerations included number, type, level, and location of staff required. • Determine the mechanisms through which the personnel organization becomes aware of significant changes or has input into HR implications. 	<ul style="list-style-type: none"> • Changes have occurred or are in process, the human resource implications but do not appear to have been adequately assessed. • It appears that the personnel organization may not be adequately linked to decisions about organizational change and therefore not in a position to have input regarding HR implications or incorporate changes into their own work plans. 	<ul style="list-style-type: none"> • Examine the personnel organizations training/staffing/classification plans, etc., to ascertain extent to which they reflect overall needs identified in human resource plans as a result of major changes. • If feasible, determine the impact of lack of planning for human resources (e.g., programs under way but not fully staffed; staff hired but waiting for appropriate training; staff levels based on past needs, not current needs).
The number, type, level and location of employees needed to carry out operational objectives and/or workplans should be identified.	<ul style="list-style-type: none"> • Review work planning instructions and/or small sample of workplans of major organizational units to determine if human resource needs have been related to operational objectives. • Determine if workplans detail human resource requirements by activity. 	<ul style="list-style-type: none"> • Estimates of person-year requirements are only loosely derived from operational objectives. The linkage is not clear. • Estimates of the number of people required to carry out new programs is conducted but reviews of person-year requirements for ongoing programs are cursory. 	<ul style="list-style-type: none"> • Review larger sample of workplans to determine extent to which resources required are matched to objectives. • Determine impact of ad hoc resourcing strategy (e.g., slack time in some work areas, inability to meet operational requirements due to resource shortages in other areas).

Note: HRM auditor should communicate with comprehensive audit team members concerning related findings for projects dealing with planning. Execution work may be carried out jointly.

CHART 4
HUMAN RESOURCE PLANNING
POSSIBLE AUDIT ACTIVITIES BY CRITERION ELEMENT

CRITERIA	SURVEY	INDICATORS OF ISSUES	EXAMINATION
	<ul style="list-style-type: none"> Examine indicators that may point to inappropriate numbers of indeterminate employees to carry out operational objectives and workplans. 		<ul style="list-style-type: none"> If there appear to be issues related to inappropriate types of employees to carry out operational objectives and work plans: <ul style="list-style-type: none"> Determine rationale for high usage of overtime, consultants, etc. Determine impact of present arrangements on economy and efficiency of operations.
	<ul style="list-style-type: none"> % of overtime by work unit 	<ul style="list-style-type: none"> Overtime usage is high. 	
	<ul style="list-style-type: none"> number of part-time employees 	<ul style="list-style-type: none"> Large number of part-time employees. 	
	<ul style="list-style-type: none"> number of consultants 	<ul style="list-style-type: none"> High percentage of consultants. 	
	<ul style="list-style-type: none"> unoccupied employees 	<ul style="list-style-type: none"> Work seasonal, but employees are full-time indeterminate. 	
		<ul style="list-style-type: none"> There is evidence, through observation, that employees are not fully occupied: <ul style="list-style-type: none"> not present in work place 7.5 hours per day (absence not explained) engaged in activities not related to work. 	<ul style="list-style-type: none"> Review selected workplans to determine whether an effort is made to relate operational objectives or workload to staffing levels and whether work standards have been developed where appropriate (as a means of determining the appropriate numbers of employees).
			<p>Note: Findings in this area may point to a need for a more detailed efficiency assessment by a member of the comprehensive audit team.</p>
			<ul style="list-style-type: none"> Findings in this area may lead the audit Principal to explore such matters as: <ul style="list-style-type: none"> work allocation project management, etc.

CHART 4
HUMAN RESOURCE PLANNING
POSSIBLE AUDIT ACTIVITIES BY CRITERION ELEMENT

CRITERIA	SURVEY	INDICATORS OF ISSUES	EXAMINATION
The determination of human resource requirements should be based on work measurement techniques, where feasible.	<ul style="list-style-type: none"> Based on nature of work, ascertain where in the organization work measurement techniques are applied or could be applied. Ask managers how they determine staffing levels in areas where work measurement techniques could apply but are not used. If work measurement techniques are applicable but not being used, through interviews/observation, identify factors pointing to possible inefficiencies such as: <ul style="list-style-type: none"> high rate of customer complaints excessive backlog of work excessive production delays idle personnel <p>Note: The HRM auditor should inform the comprehensive audit Principal if a weakness is noted in this area. This work may be pursued by an efficiency specialist.</p>	<ul style="list-style-type: none"> There is an indication that work measurement techniques could be applied but are not being used. Findings point to possible inefficiencies such as idle staff or production deficiencies although the organization has not developed standards to determine what would be appropriate work levels. 	<ul style="list-style-type: none"> HRM auditor should bring findings to the attention of comprehensive audit Principal who can then determine whether some form of an efficiency audit should be carried out. <p>Note: While these variables (low productivity, high overtime, etc.) may indicate lack of appropriate work standards, they may also be caused by any number of factors that should be examined by the auditor. The auditor should (1) assess reasons for low productivity, high overtime, etc. (2) determine if action has been taken, where feasible, to rectify problem and (3) determine impact of problem.</p>
2. <u>The future availability of existing human resources should be forecast.</u> Current, accurate inventories should be maintained of basic employment data for all employees, and include other relevant career data such as experience, skills, language capability and promotion potential for critical occupational groups and levels.	<ul style="list-style-type: none"> Determine if inventory exists and type of data maintained for employees in general and for critical occupational groups. Determine if personnel officers and line managers are satisfied with currency, accuracy, timeliness and completeness of data. If they are not, obtain examples of problems. 	<ul style="list-style-type: none"> Only tombstone data is maintained and information is not timely, accurate, etc. Interviews indicate that certain programs will be phased out and new programs implemented requiring altered skill levels of employees. Yet no inventories exist of present skills or experience of employees. Detailed data are maintained on certain key groups of employees but are not used for forecasting. 	<ul style="list-style-type: none"> If concerns are experienced about currency, accuracy, timeliness or completeness of data, determine whether senior management is aware of concerns and what is being done to address them. If feasible, determine impact of lack of forecasting.

CHART 4
HUMAN RESOURCE PLANNING
POSSIBLE AUDIT ACTIVITIES BY CRITERION ELEMENT

CRITERIA	SURVEY	INDICATORS OF ISSUES	EXAMINATION
<p>The forecast of resource availability should be based on the analysis of turnover statistics, retirement profiles, promotion potential, the results of succession planning and other relevant data such as the labour market.</p> <p>3. The demand for human resources should be compared with information on the future availability of existing resources to identify shortages or surpluses.</p> <p>The impact of identified shortages or surpluses, where significant, should be taken into account in operational and financial planning.</p>	<ul style="list-style-type: none"> Identify what forecasting techniques are applied. Review departmental human resource plans to determine projected shortages and surpluses and the proposed action. Review operational plans and Part III Estimates to determine if the HR impact of changes identified in the HR plans for the upcoming year have been incorporated in the operational plans and Estimates and if HR implications as stated in the operational plans and Estimates are included in HR plans. Through interviews, determine if there are any other major changes projected, the HR implications of which are not addressed in action plans, operational plans or in the financial planning exercise. 	<ul style="list-style-type: none"> Estimates are not made of future resource availability (e.g., retirement profiles are not established; turnover statistics not analysed). 	<ul style="list-style-type: none"> If feasible, determine areas in which such forecasting is required to meet operational needs (e.g., large number of key positions that will be vacated in short-term; programs phasing out, etc.).
	<ul style="list-style-type: none"> Review operational plans and Part III Estimates to determine if the HR impact of changes identified in the HR plans for the upcoming year have been incorporated in the operational plans and Estimates and if HR implications as stated in the operational plans and Estimates are included in HR plans. Through interviews, determine if there are any other major changes projected, the HR implications of which are not addressed in action plans, operational plans or in the financial planning exercise. 	<ul style="list-style-type: none"> There does not appear to be a linkage between HR issues detailed in HR plans and in financial planning documents. Estimates contain information that was largely ignored in HR planning exercise. There appear to be new programs, restructuring, etc., the major human resource considerations of which are not stated in operational plans or financial planning documents. 	<ul style="list-style-type: none"> If significant HR matters are not reflected in the operational or financial planning exercise, the auditor may: <ul style="list-style-type: none"> Consult with members of the comprehensive audit team dealing with the planning function to obtain more detailed information from Multi-year Operational Plans (MYOPs) concerning extent to which HR considerations were included in the financial planning exercise. Determine cause of insufficient linkage in this area. Determine impact of deficiencies where they exist.

CHART 4
HUMAN RESOURCE PLANNING
POSSIBLE AUDIT ACTIVITIES BY CRITERION ELEMENT

(5)

CRITERIA	SURVEY	INDICATORS OF ISSUES	EXAMINATION
4. Action plans should be prepared to <u>resolve identified imbalances in the number or skills of human resources.</u>	<ul style="list-style-type: none"> • Determine if action plans have been developed to address identified problems. • Conduct cursory review of selected action plans (see examination) to develop appreciation of completeness, nature of inter-relationships between plans and the degree to which they address known problems. 	<ul style="list-style-type: none"> • Action plans have not been developed (e.g., although turnover of number of employees retiring from key positions over the short term is high, no attempt seems to have been made to develop plans for dealing with this situation). 	<ul style="list-style-type: none"> • Assess where possible the impact or risk resulting from lack of action planning.
		<ul style="list-style-type: none"> • Action plans appear to be incomplete and responsibilities for implementation unclear. 	<ul style="list-style-type: none"> • Conduct an in-depth review of action plans to ensure they are practical and complete and cost effective.
			<ul style="list-style-type: none"> • Determine what improvements should be made, if any, to ensure a reliable, usable document.
		<ul style="list-style-type: none"> • Action plans are developed but not used as a basis for subsequent action. 	<ul style="list-style-type: none"> • Determine why action plans are not utilized.
	<ul style="list-style-type: none"> • Determine whether action plans are monitored. • Determine whether modifications are made to plans when objectives are not met in agreed timeframe. Request sample plan. 	<ul style="list-style-type: none"> • Action plans are monitored on an ad hoc basis and may or may not be revised. 	<ul style="list-style-type: none"> • If action plans are not monitored or are monitored on an ad hoc basis only; <ul style="list-style-type: none"> - Review selected action plans in detail to determine whether: <ul style="list-style-type: none"> • budget has been controlled • schedules/timeframes have been met • objectives have been met.
The implementation of action plans should be monitored periodically, the results assessed to determine the degree to which objectives are being met and the plans modified as required.			

Part III - Human Resource Management Audit Areas
Section 3 The Training Process

Introduction

An important aspect of human resource management is the management of activities and funds connected with training. Training represents one of the most significant investments an organization can make in its employees, as it affects productivity, job satisfaction and future capability and requires the commitment of substantial time and funds. In 1982-83, the cost of formal off-the-job training for the public service was estimated to be about \$215 million.

Policies

The training process in the public service is based on a number of Treasury Board policies set out in the following volumes of the Personnel Management Manual:

- Volume 4: Human Resource Usage: Chapters 4-14, 23
- Volume 2: Management Category: Chapters 11-1, 11-2
- Volume 20: The Management and Administration of Training
(2 binders).

The Treasury Board Personnel Management Manual (Volume 4, Chapter 4) defines training as:

"learning activity that in response to clearly identified needs contributes to employees' acquisition of knowledge, skills and experience to help them do their present jobs efficiently and effectively or to prepare them to assume other responsibilities."

Treasury Board policy recognizes six categories or types of training:

- **Professional, Technical and Vocational Training** - training to help ensure that employees are able to perform their present functions at the level of performance required by the employer.
- **Retraining** - training to prepare surplus employees for other employment.
- **Occupational Health and Safety Training** - training to help ensure that employees are aware of safety and/or occupational health standards in the workplace.
- **Orientation Training** - training to provide information to employees about their new work environment.

- **Development Training** - training to help ensure that qualified personnel will be available to meet identified future public service human resource requirements.
- **Employee Assistance** - training that is not directly job-related but which could affect performance. It consists mainly of training that the employer provides as a service to employees to prepare them for retirement, to assist them in coping with social problems, etc.

Although training can meet various objectives and training methods can vary according to the situation, all training should be based on certain basic principles.

The Training Process

The essential activities of the training process are shown in Figure 5. They consist of:

- (1) identifying training needs;
- (2) analysing needs and developing training plans;
- (3) designing training courses;
- (4) implementing training plans; and
- (5) evaluating and reviewing training.

These activities are consistent with the Treasury Board policy described in Volume 20 of the Personnel Management Manual. All apply to every organization, except where training programs are designed and implemented by another organization. In these instances, activities (3) and (4) would not apply.

Each component in the training process is described in greater detail in the following section of this Guide.

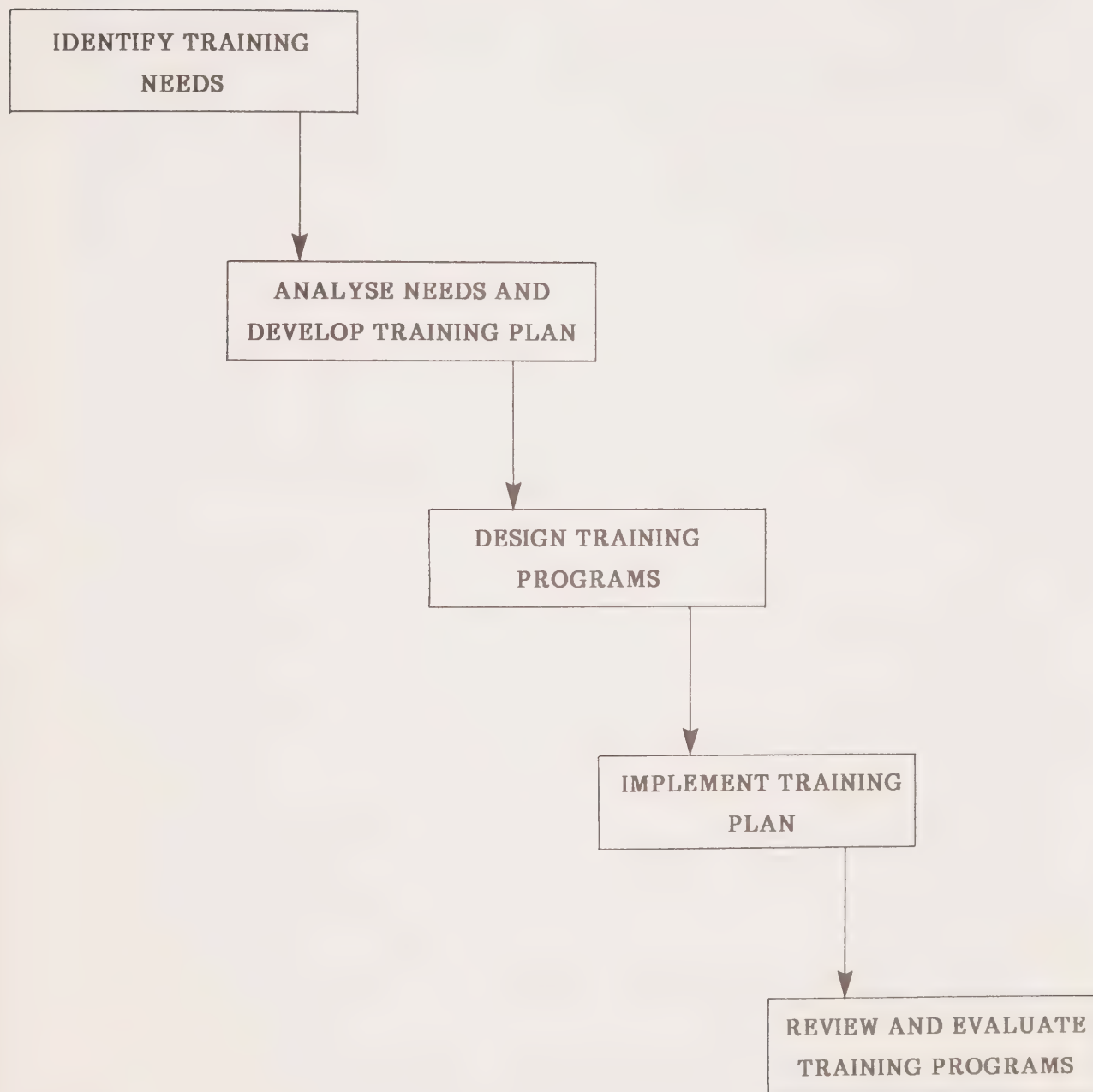
Identifying Training Needs

Most organizations require a process that allows managers to identify systematically the organization's current and future training needs. This process helps to ensure that training activities are planned and considered in order of priority and are not short-term reactions to immediate problems. Training needs for individuals and groups can be identified through a variety of sources. The combined training needs of individuals and of groups constitute the training needs of the organization.

The following paragraphs discuss the sources of information for identifying individual and group training needs in greater detail, along with the

FIGURE 5

**TRAINING PROCESS
STANDARD MODEL**



links between training needs identification and human resource planning activities.

Individual needs. The identification of individual training needs is based on a comparison of the existing knowledge, skills and abilities of each employee with what is required in the current position or in a future developmental position. Any gap between actual versus expected knowledge, skills and abilities may constitute a training need. The most frequently used methods of identifying individual training needs are:

- the performance review and appraisal process;
- training demand surveys; and
- individual job and training needs analysis.

Most performance review and appraisal reports require supervisors or managers either to identify the training that an employee requires in order to perform current responsibilities more effectively or to identify the developmental training required. Some personnel units use training and development requirements from the performance review and employee appraisal reports to identify the training needs of the organization. Other organizations have found this process too time consuming or out of phase with the training cycle. Instead, they use separate training demand surveys to determine the organizations training needs.

These surveys usually ask managers to identify the performance gaps or developmental needs of individual employees or groups of employees that could be satisfied through training. This process may involve selecting from a list of available courses those training programs applicable to the needs of individual employees. This information may subsequently be used by training specialists to identify the employees who will be attending established courses or for determining common group needs for which additional courses may be required.

Job analysis is used to identify the training needs of individual employees. During this process, the duties, responsibilities, tasks, knowledge and skill requirements of a particular job are compared with the skills of the employee. Then a training program is developed to address the gap between the knowledge and skills the employee needs and those he or she already has. This process is usually designed to meet the requirements of highly specialized positions for which people with the necessary skills cannot be easily recruited. Job analysis is also useful for determining the training needs of groups of employees performing similar jobs.

Group needs. Every organization should periodically assess the training needs of employee groups. Group needs are often identified by reviewing individual training needs. This review may reveal needs common to employees in particular groups. Other sources of information related to determining the training needs of specific groups include:

- strategic and operational plans;

- human resource planning data;
- productivity indicators; and
- occupational job analysis;
- central agency priorities.

In some organizations, managers usually include in their human resource plans the training implications of planned changes to their operations as well as the training required to meet current needs. Training specialists can refer to these plans to identify group training needs. In organizations that have no human resource plans, strategic and operational plans may serve as a framework for determining group training needs. As well, analysing productivity indicators (such as quality and quantity of output, overtime and hours spent to perform certain tasks) may be useful for identifying training needed to improve the efficiency of operations.

Occupational job analysis may be carried out to determine the need to:

- retrain staff to meet future job requirements;
- train new employees to meet the requirements of jobs for which qualified people are not already available.

The training needs of an organization consist of the combined individual and group needs.

Analysing Needs and Developing Training Plans

Not all training needs as identified initially will necessarily be met through training. Accordingly, the training specialist and line manager are responsible for analysing the proposed training needs to determine whether training is the most economical and effective solution to the identified need. This analysis involves distinguishing between knowledge, attitude or skills deficiencies and performance deficiencies caused by factors unrelated to training. These factors include job design, inadequate management controls or management practices. The analysis would also include evaluating different ways of meeting identified needs and determining training priorities.

After training needs have been analysed, annual training plans (both short-term and long-term) are developed, initially by training specialists. Training plans generally include a list of courses that address identified needs. They also include the costs, locations and timing of such courses. In addition, short-term plans include the names of those scheduled to attend specific courses.

Senior management reviews and approves training plans to help ensure that operational needs will be satisfied and that training budgets are allocated appropriately. If certain training activities have to be cut from the training plan because of budgetary restrictions, the senior training officer would normally

ensure that senior management understands the effect of reducing training activities.

Design of Training Courses

Training courses are designed in-house either when there are no existing courses that will meet identified needs or when such courses cannot be purchased at an acceptable cost or within an acceptable time frame.

Regardless of whether in-house staff specialists, line managers or an external contractors a training course, the design should:

- include course learning objectives that are attainable and are as specific and measurable as possible;
- specify criteria for measuring achievement of these objectives;
- describe the course content;
- specify training methods to be used;
- determine facilities appropriate to course design;
- specify criteria for selection of trainees; and
- indicate the costs to develop and deliver the course.

The two features often missing from course designs are the identification of training objectives and the identification of methods for measuring results. In view of the high cost of most training courses, these are important design features and should be part of each design package. This information as well as information regarding the course content would normally be included in the training manuals.

Implementing Training Plans

Implementing training plans involves:

- delivering the course;
- arranging for facilities, materials, instructions, etc.;
- notifying employees scheduled for training;
- monitoring actual costs of training courses and comparing actual to budgeted costs;
- compiling and maintaining records of course attendance;

- ensuring that in-house training facilities and aids are available and used.

Evaluation and Review of Training

The effectiveness of training courses should be assessed and, where possible, evaluated against specific criteria. The purpose of evaluating courses is to determine the degree to which trainees have met the specific learning or developmental objectives. Evaluations may take the form of written or oral examinations, post-course interviews with employees and/or supervisors or an analysis of improvement in performance. The training group or an independent party can carry out this assessment. Evaluations may result in modifying or deleting a course from the training program.

Audit Criteria and their Application

Because of the wide variation in training methods across organizations, the auditor is cautioned to apply judgement in assessing systems and practices in this area. The audit criteria listed below provide guidelines for that assessment and reflect the five basic components of the training process. They are generally consistent with the Treasury Board policy in this area and should be used in conjunction with the criteria for management of the personnel function, where they apply.

Criterion No. 1: Staff training needs should be identified.

- Individual and group training needs should be identified in terms of potential improvement to present and future job performance.
- Line managers should have the primary responsibility for identifying training needs.

Criterion No. 2: Training needs should be analysed and training plans developed.

- The cost and benefits of alternative ways of meeting training needs should be determined.
- Training priorities should be established and resources allocated accordingly.
- Training plans should be reviewed and approved by senior management.
- Departmental training budgets should be prepared and training costs should be identified, recorded and controlled against budgets.

Criterion No. 3: Course designs should reflect the needs identified.

- Course designs should specify objectives to be met by providing training and the methods by which training results will be measured.
- Functional specialists who have knowledge of the subject area should participate in the design of training courses to meet identified needs.
- New courses should be conducted on a pilot basis before organization-wide implementation to ensure intended results are achieved. They should be modified as appropriate.

Criterion No. 4: The implementation of staff training courses should be controlled.

- The training course conducted should reflect the course design.
- Training facilities should be well used and economic.

Criterion No. 5: The monitoring and evaluation of staff training activities should include:

- Monitoring against workplans and making modifications based on results of internal and external assessments (see criteria for management of the personnel function).
- Processes to evaluate courses, course administration, facilities, and instructors.
- Evaluation of the results of training based on predetermined learning goals and behavioural change objectives where feasible.

Examples of possible audit activity for each of the criterion elements for the Training process are included in Chart 5. The auditor should review this chart in conjunction with Part II of this Guide and, specifically, the section "Application of Audit Criteria".

CHART 5
TRAINING
POSSIBLE AUDIT ACTIVITIES BY CRITERION ELEMENT

(1)

CRITERIA	SURVEY	INDICATORS OF ISSUES	EXAMINATION
1. <u>Staff training needs should be identified.</u>	<ul style="list-style-type: none"> Determine how group training needs are identified and how frequently needs are updated. 	<ul style="list-style-type: none"> Group training needs identification studies are not conducted for key occupational groups (even when the group has a large individual demand for training and/or the unit(s) are having difficulty in meeting their objectives). Courses are developed with potentially inadequate needs identification (relationship of course to job may not be clear). Group training needs were established many years ago and have not been re-examined. 	<ul style="list-style-type: none"> If group needs do not appear to be systematically considered: <ul style="list-style-type: none"> Examine needs identification process in greater depth (new and older courses) to determine where inadequate needs identification exists. Determine degree to which managers perceive that courses with inadequate needs identification meet operational needs. Determine where perceived inadequacies exist. Determine whether course evaluations assess the extent to which participants view courses as job related. If these evaluations are not done, interview selected employees to determine perceived relevance of courses to job.
Individual and group training needs should be identified in terms of potential improvement to present and future job performance.	<ul style="list-style-type: none"> Determine how training needs are identified for individuals. <ul style="list-style-type: none"> Examine how individuals are selected for existing courses. If training request forms exist, examine sample of forms to determine if managers identify expected improvements in job performance. 	<ul style="list-style-type: none"> Training request forms do not specify either why a particular course is being recommended or what improvements in job behaviour are expected as a result of training. Determine extent to which managers apply a "shopping list" or "reward" approach to training rather than one based on determining performance gaps. 	<ul style="list-style-type: none"> Determine how prevalent this practice is by reviewing a larger sample of forms. Select a number of courses and interview line managers who recommend courses to determine why course was recommended. Assess extent to which courses recommended are job-related by reviewing a sample of training request forms and/or listings of actual training provided by organizational unit.

CHART 5
TRAINING
POSSIBLE AUDIT ACTIVITIES BY CRITERION ELEMENT

CRITERIA	SURVEY	INDICATORS OF ISSUES	EXAMINATION
<p>Line managers should have the primary responsibility for identifying training needs.</p>	<ul style="list-style-type: none"> Determine role of managers in identifying individual or group training needs. 	<ul style="list-style-type: none"> Managers appear to have limited role in identifying needs for course development purposes which may result in courses that do not meet operational requirements. 	<ul style="list-style-type: none"> Determine in greater detail extent of involvement of line managers in identification of needs for key courses.
	<ul style="list-style-type: none"> Determine whether managers/training specialists perceive managers have adequate input into the needs identification process. 		<ul style="list-style-type: none"> Interview managers and participants to determine their perception of the quality of existing courses as this may assist the auditor in determining the significance of this matter.
	<ul style="list-style-type: none"> Where quality of training provided is not adequate, determine impact on operations. 		<ul style="list-style-type: none"> Where quality of training provided is not adequate, determine impact on operations.
	<p>2. <u>Training needs should be analysed and training plans developed.</u></p> <p>The cost and benefits of alternative ways of meeting training needs should be determined.</p>	<ul style="list-style-type: none"> Review training analyses and interview training officials to determine if costs and benefits were evaluated and alternatives considered for selected major training expenditures. 	<ul style="list-style-type: none"> Examine major training expenditures in more detail to determine to what extent costs, benefits and alternatives were considered. Where alternatives were not considered, review a sample of training expenditures and determine if more cost-effective alternatives may exist. Determine if alternatives were considered and rejected by management and why? If alternatives not considered, assess difference in cost/benefits between current training methods and alternative means.

CHART 5
TRAINING
POSSIBLE AUDIT ACTIVITIES BY CRITERION ELEMENT

CRITERIA	SURVEY	INDICATORS OF ISSUES	EXAMINATION
	<ul style="list-style-type: none"> Examine extent to which training specialists systematically review training needs to determine if more appropriate training alternatives exist. Determine if training specialists perceive that better alternatives exist for some of the current courses. 	<ul style="list-style-type: none"> Training specialists do not assist line managers by proposing more appropriate training alternatives. 	<ul style="list-style-type: none"> Obtain examples of training expenditures that personnel specialists feel should have been questioned. Review listing of training provided for specific organizational unit. Identify areas in which training provided does not appear to be job-related or where less costly alternatives may exist.
Training priorities should be established and resources allocated accordingly.	<ul style="list-style-type: none"> Determine who establishes training priorities and what those priorities are. 	<ul style="list-style-type: none"> Training priorities are not determined. Training budgets are allocated on a first come first served basis or are divided equally among organizational units. 	<ul style="list-style-type: none"> Determine effect of lack of priority ranking (e.g., costs are higher than necessary; lack of focus resulting in failure to meet long-term operational needs; poor allocation of limited funds - i.e., lapsed training funds in certain areas while other areas with high training needs have inadequate funds).
Training plans should be reviewed and approved by senior management.	<ul style="list-style-type: none"> Determine if training plans are developed and approved by senior line management. 	<ul style="list-style-type: none"> Training plans do not exist or contain limited information for use by senior management. 	<ul style="list-style-type: none"> Determine extent of management input into the training plan. Assess the adequacy of the information base for planning purposes through interviews with line managers and specialists.
	<ul style="list-style-type: none"> Determine senior line management involvement in modifying training plans based on changing priorities and/or budget cut-backs. 	<ul style="list-style-type: none"> Training plans are developed but neither approved nor reviewed by senior management. 	<ul style="list-style-type: none"> Determine impact of lack of planning on ability of training to satisfy operational needs (e.g. training needs in certain organizational units not satisfied). Assess extent to which training requirements in selected organizational units are met.

CHART 5
TRAINING
POSSIBLE AUDIT ACTIVITIES BY CRITERION ELEMENT

CRITERIA	SURVEY	INDICATORS OF ISSUES	EXAMINATION
<p>Departmental training budgets should be prepared and training costs should be identified, recorded and controlled against budgets.</p>	<ul style="list-style-type: none"> Determine if a training budget is prepared and assess the content (e.g., are costs of design, tuition, travel, conferences, salaries included?). Examine annual training report to Treasury Board. Review mechanisms for controlling the budget and determine if variance analysis is conducted. 	<ul style="list-style-type: none"> Training budgets are subject to across-the-board cuts with little impact analysis. 	<ul style="list-style-type: none"> Determine if lack of senior management attention to training plans/budget allocation has resulted in: <ul style="list-style-type: none"> - conflicting priorities across units; - waning commitments to training process; - inefficiencies in organization in dealing with changing priorities; - unsatisfied training needs. Estimate significance of additional unrecorded costs.
<p>Course designs should reflect the needs identified.</p>			<ul style="list-style-type: none"> Determine reasons for lack of budgetary control. Assess variance between projected and actual time required for training design, implementation, etc., of selected courses.
<p>Course design should specify objectives to be met by providing training and the methods by which training results will be measured.</p>	<ul style="list-style-type: none"> Sample course documentation to determine whether objectives and methods have been identified, the detail with which they are described and the extent to which they are measurable. 	<ul style="list-style-type: none"> Specific, measurable course objectives are not set. They seem to be vague "motherhood" statements and do not specify the results to be achieved. 	<ul style="list-style-type: none"> Conduct sample of course manuals. Determine in what percentage of cases objectives are not set or are vague.

CHART 5
TRAINING
POSSIBLE AUDIT ACTIVITIES BY CRITERION ELEMENT

CRITERIA	SURVEY	INDICATORS OF ISSUES	EXAMINATION
			<ul style="list-style-type: none"> Through interviews with course instructors, determine extent to which instructors have a common appreciation of course objectives. If methods for measuring training results have not been identified or if they are restricted to one of two techniques in course documentation: <ul style="list-style-type: none"> select sample of participants from selected courses and interview them and their supervisors to determine whether intended training results were achieved. review selected course evaluations to determine whether results were measured and how participants viewed courses. Review line involvement in course design in greater detail. Determine degree to which line managers perceive: <ul style="list-style-type: none"> their involvement should be greater; course designs reflect operational needs. Obtain examples of major areas of duplication and estimate cost.
	<ul style="list-style-type: none"> Determine extent of involvement of training officers and functional line specialists in the design of a sample of the major courses. 	<ul style="list-style-type: none"> Courses were primarily developed by training specialists or contracted out with limited or no involvement of line officers with specialized expertise in the subject area. 	
Functional specialists who have knowledge of the subject area should participate in the design of training courses to meet identified needs.		<ul style="list-style-type: none"> The training unit in headquarters does not have a list of available courses in the regions to serve as information base when course design in one region is considered. There may be unnecessary duplication of effort. 	

CHART 5
TRAINING
POSSIBLE AUDIT ACTIVITIES BY CRITERION ELEMENT

(6)

CRITERIA	SURVEY	INDICATORS OF ISSUES	EXAMINATION
<p>New courses should be conducted on a pilot basis before organization-wide implementation to ensure intended results are achieved. They should be modified as appropriate.</p>	<ul style="list-style-type: none"> Determine whether course pilots are conducted. Ask to see evaluation from pilots. 	<ul style="list-style-type: none"> Pilot courses were not conducted prior to organization-wide implementation. 	<ul style="list-style-type: none"> Review course evaluations/interview participants and instructors if necessary to determine quality of course. If quality seems to be in question, determine if modifications have occurred or are planned. Determined impact that may be attributable to lack of pilot work and estimate cost.
<p>4. <u>The implementation of staff training courses should be controlled.</u></p> <p>The training course conducted should reflect the course design.</p>	<ul style="list-style-type: none"> Review sample course manuals to determine if course design exists. Interview a small sample of training officers to determine extent to which they adhere to course design, where it exists. Review statistics on facilities utilization. 	<ul style="list-style-type: none"> Course manuals documenting course design do not exist for some courses or when they do exist, instructors do not adhere to common course delivery. Course instruction varies widely depending on the preference of the instructor. Utilization statistics are not maintained. Training facilities appear to be underused. 	<ul style="list-style-type: none"> Through interviews with sample of course instructors determine whether departures from initial course design are improvements or updates and determine the degree to which delivery deviates from design. Determine whether course should be redesigned or whether documentation simply needs updating. If utilization statistics are not available, review training plan with trainers and establish utilization figures. If training facilities appear to be under-utilized, establish cause and determine if more cost-effective alternatives have been considered.

CHART 5
TRAINING
POSSIBLE AUDIT ACTIVITIES BY CRITERION ELEMENT

CRITERIA	SURVEY	INDICATORS OF ISSUES	EXAMINATION
<p>5. The monitoring and evaluation of staff training activities should include:</p> <p>Monitoring against workplans and making modifications based on the results of internal and external assessments.</p> <p>Processes to evaluate courses, course administration, facilities and instructors.</p> <p>Evaluation of the results of training based on predetermined learning goals and behavioural change objectives where feasible.</p>	<p>(See management of the personnel function criteria).</p> <ul style="list-style-type: none"> • Select sample courses and review evaluations. Determine whether action was taken to address participant concern. • Determine evaluation completion rates for selected courses. • Determine extent to which evaluations are made by individuals other than the course director. • Determine percentage of courses for which evaluations of this type have occurred. 	<ul style="list-style-type: none"> • Evaluations do not exist or are rarely completed. • Evaluations do not result in action. • Evaluations tend to be "happiness" indicators rather than objective course measurement where this is possible. • Individuals such as training managers do not conduct objective evaluations of training courses. • Percentage of courses evaluated against pre-determined learning goals or behavioural change objectives appears to be low. • Courses do not appear to be validated, where possible, to determine changes in job performance related to learning obtained through training. 	<ul style="list-style-type: none"> • If evaluations do not result in action, determine why. • Compare course evaluation results with line managers/participants perceptions of how well courses are meeting needs. • Determine examples of courses where such evaluations would be feasible. • Determine extent to which a sample of managers perceives existing courses do result in improved performance where the costs of the training is significant.

Part III - Human Resource Management Audit Areas
Section 4 Human Resource Information Systems

Introduction

Human resource information systems (HRIS) may be defined as the procedures and processes used in collecting, analysing and disseminating data required to support the various human resource management functions. These systems may be computerized or manual. They contain data related to employees and positions such as: classifications and salaries of employees; language skills; age; sex; work history; educational background; training received; and evaluations of their performance. Such data are stored in a medium that permits the information to be cross-referenced, analysed and reported.

Managers and personnel specialists use the output of human resource information systems to develop statistical information, such as turnover rates, attrition and retirement patterns, for human resource planning purposes. The information can also be used to determine whether staff evaluations are current, how many employees have received training during the current year, and so on. To be useful, the information provided by the system must be accurate, complete and timely.

The type of system an organization needs will depend on the volume of information required, how current it has to be, and time constraints on management decisions for which the information is required. For this reason, user requirements must be considered in designing and updating the system requirements.

Computerized systems may be expensive and complex but may still not provide useful information for management. Management controls over the development, operation and maintenance of such systems are important to ensure that the information needs of management are met.

HRIS in the Public Service

The Treasury Board is responsible for developing, revising and interpreting policies and guidelines for planning, procuring, operating and evaluating all government electronic data processing (EDP) systems. These policies and guidelines are set out in Treasury Board Administrative Policy Manual, Chapter 440. When a human resource information system is automated, all Treasury Board EDP policies and guidelines apply.

Treasury Board has also issued a policy on "Personnel Data Systems in the Public Service". The policy describes a framework for developing human resource information systems and for extending the compatibility of personnel data in the interest of government (Chapter 14 of Volume 1 of Personnel Management Manual, issued under the authority of TB 784270, August 18, 1982). It also

outlines the responsibilities of departmental managers and personnel officers and includes guidelines on personnel administrative systems and procedures. Finally, the policy includes a directive that all designers of personnel data systems adopt the definitions, specifications and codes that appear in the "Personnel Data Element Dictionary".

The Treasury Board guidelines require departments to investigate the services offered by the Personnel Applications Centre (PAC) before developing or adding to their own human resource information systems. PAC, a division of the Advisory Bureau for Computing in the Department of Supply and Services, has a mandate to provide services to departments and agencies, develop a pool of shared data, and make support resources available for matters pertaining to personnel information technology. PAC also operates systems on behalf of the Treasury Board Secretariat and the Public Service Commission.

Audit Approach

Given the significance of HRIS to the overall effective management of human resources, these systems should usually be examined as a specific line of enquiry in the HRM survey stage to determine if they are providing the required support to management.

The audit of EDP systems is covered in greater detail in the Audit Guides dealing with EDP. Therefore, the purpose of this section of the HRM guide is to provide the HRM auditor with a framework for assessing certain aspects of HRIS during the survey stage. The HRM auditor examines such areas as:

- the involvement of users in system development;
- the adequacy of communication to users about system capabilities/uses, etc.;
- user satisfaction with relevance, quality and timeliness of data;
- the existence of processes to assess extent to which user needs are being met.

If the auditor identifies matters of significance related to HRIS during the survey, he or she should consult the HRM specialist, who may obtain the assistance of a specialist in the Computer Audit group.

Audit Criteria and their Application

Because of the wide variation in HRIS across organizations, the auditor should use judgement in assessing systems and practices in this area. The audit criteria listed below provide guidelines for that assessment and are consistent with the EDP audit guides and with the Treasury Board policy in this area.

- Criterion No. 1:** Personnel specialists and line managers should be involved in the development of human resource information systems to ensure that the systems output meets user requirements.
- Criterion No. 2:** Users should receive adequate communication and training with respect to the capability, limitations and intended uses of output from human resource information systems.
- Criterion No. 3:** Periodic reviews of human resource information systems should be conducted to ensure that user needs are being met economically and efficiently.

Examples of possible audit activities for each of the criterion elements of human resources information systems are included in Chart 6. The auditor should review this chart in conjunction with Part II of this Guide and, specifically, the section "Application of Audit Criteria".

CHART 6

HUMAN RESOURCE INFORMATION SYSTEMS POSSIBLE AUDIT ACTIVITIES BY CRITERION ELEMENT

(1)

CRITERIA	SURVEY	INDICATORS OF ISSUES	EXAMINATION
1. <u>Personnel specialists and line managers should be involved in the development of human resource information systems to ensure that the system output meets user requirements.</u>	<ul style="list-style-type: none"> Obtain list of all HRIS outputs and their distribution. Identify both intended and actual uses of information. Through interviews, determine extent to which data from HRIS are relevant to needs of users (line managers and personnel specialists) and are timely, accurate and complete. Determine extent of involvement of users and EDP specialists in the design of systems and whether data requirements were specified. 	<ul style="list-style-type: none"> Managers do not have available the information they need to manage their human resources. Managers maintain their own manual systems or in some cases microcomputer systems because the integrity of the HRIS is questionable. Line management and personnel specialist input is sought to a very limited extent in the development of systems for which they are key users. Headquarters appears to have developed systems for use in regional offices without adequate consultation concerning user needs. 	<ul style="list-style-type: none"> If users are not adequately involved in system development, and if users express dissatisfaction with quality, relevance, or timeliness of data, the auditor should consult the HRM specialist who may wish to obtain the assistance of an EDP specialist to conduct more detailed work in the Execution Phase, utilizing the EDP Audit Guide as a framework.
2. <u>Users should receive adequate communication and training with respect to the capability, limitations and intended uses of output from the human resource information systems.</u>	<ul style="list-style-type: none"> Through interviews with line managers and personnel specialists, determine the degree to which they understand the capabilities/potential, uses/limitations of HRIS. Where understanding appears to be limited, identify extent and type of communication to users regarding system capabilities/uses of data, etc. 	<ul style="list-style-type: none"> Managers receive information concerning human resources but its use is limited due to lack of understanding on the part of managers of the intended uses of the data. Managers are dissatisfied with existing systems due to the limitations of data output. There are no up-to-date user manuals. 	<ul style="list-style-type: none"> If audit findings point to significant issues in the area, the HRM auditor or EDP specialist should determine the: <ul style="list-style-type: none"> cause of non-use or dissatisfaction with data (e.g., lack of involvement of users during system design; provision of non-essential information; or lack of training/communication). impact of providing data that are not used (i.e., system development and operational costs; duplicate manual systems; and risk to human resource management processes).

CHART 6
HUMAN RESOURCE INFORMATION SYSTEMS
POSSIBLE AUDIT ACTIVITIES BY CRITERION ELEMENT

CRITERIA	SURVEY	INDICATORS OF ISSUES	EXAMINATION
3. <u>Periodic reviews of human resource information systems should be conducted to ensure that user needs are being met economically and efficiently.</u>	<ul style="list-style-type: none"> • Determine if reviews are conducted. • Determine if modifications are made to systems as a consequence of changing user needs. • Determine extent to which line managers and personnel specialists perceive unnecessary duplication in data across systems. 	<ul style="list-style-type: none"> • Subsequent to implementation of new systems there appears to be only a limited review of extent to which systems meet user needs. • There appears to be no formal communication vehicle such as users committees through which users can voice day-to-day concerns that they have about existing systems. • User needs for system modification have been proposed, but no apparent action has been taken over an extended time to improve systems; apparent impact on operations. • Concern is expressed about the proliferation of information distributed, a significant portion of which appears to be duplication of effort. (Users may not be aware of existing information when providing input to new systems.) 	<ul style="list-style-type: none"> • If adequate review mechanisms do not exist and if audit findings indicate significant deficiencies, the assistance of an EDP specialist may be obtained to examine areas such as: <ul style="list-style-type: none"> - extent and nature of user concern regarding HRIS; - why systems have not been modified as proposed by users; - extent to which alternatives were considered during system development; - extent of data duplication; - effect of deficiencies on operations, risk, etc.

Part III - Human Resource Management Audit Areas
Section 5 Performance Review and Employee Appraisal

Introduction

It is important that managers help employees in developing on-the-job skills and improving productivity. The performance review and employee appraisal (PREA) process is an important tool that can assist managers in doing so.

Several recent studies have pointed to the importance of performance review and employee appraisal in the management of human resources in the public service. The Royal Commission on Financial Management and Accountability stated that "... performance appraisals must be of the highest quality and prepared with the greatest degree of objectivity and integrity". Similarly, the Special Committee on Personnel Management and the Merit Principle noted that "without the development of effective review and appraisal mechanisms, managers cannot meaningfully account for the management of human resources".

Formalized assessments of employee performance have become standard management practice in most organizations over the past 30 years. In fact, it is rare to find any large organization that does not have a formal system for assessing work performance.

Appraisal processes vary widely across organizations with regard to objectives and methods. In some organizations, the primary purpose of these processes is to help ensure communication between the employer and supervisor about on-the-job performance. In others, the appraisal process also provides information to help management make decisions in such areas as pay, career development and promotion.

Appraisal methods range from the use of rating scales to narrative comments about performance. The assessment may be carried out by the employee's supervisor or by some combination of supervisor, peers and self-appraisal methods.

A review of the literature in this area indicates that there is no perfect PREA system. In fact, most organizations encounter difficulties with the process primarily because of the subjective nature of assessing individual performance and the reluctance of managers to identify poor performers. It is also evident, however, that most organizations recognize the important role played by appraisal in improving the functioning of the organization and are trying to improve the effectiveness of their existing systems.

PREA in the Public Service

Performance appraisal systems have existed in the Canadian public service for many years. In the past 30 years, evaluation techniques have changed

from the use of check lists to measure personality traits to more results-oriented approaches. These use performance standards, goals and objectives to assess the employee's performance. Some of these changes are still taking place as government departments and agencies search for better systems.

In 1981-1982, the Office of the Auditor General conducted an audit of the performance review and employee appraisal practices in the public service. The audit included a review of central agency policies, an examination of the systems in seven departments, and the administration of a survey questionnaire to supervisors and employees in the same seven departments. Chapter 5 of the 1982 annual Report should be read before an audit of performance review and appraisal is started.

Roles and Responsibilities

The Treasury Board Secretariat (TBS) is responsible for developing policies related to performance review and employee appraisal and for evaluating their implementation by departments and agencies. In 1979, TBS published the first government-wide policy on performance review and employee appraisal. This policy and subsequent modifications are contained in the Personnel Management Manual (Volume 4, Chapter 1). The related policies on performance pay for specified groups such as senior management, executive personnel, personnel specialists, and research scientists are also TBS's responsibility.

Directives on retaining and using appraisals in the selection process fall within the responsibility of the Public Service Commission. In keeping with TBS policy, deputy heads of departments are responsible for ensuring that performance review and employee appraisal programs are developed, maintained, evaluated and modified as appropriate. Directors of personnel are responsible to the deputy heads for ensuring that supervisors and employees receive the support required to carry out the PREA process, including information, training and guidance.

Departmental Processes

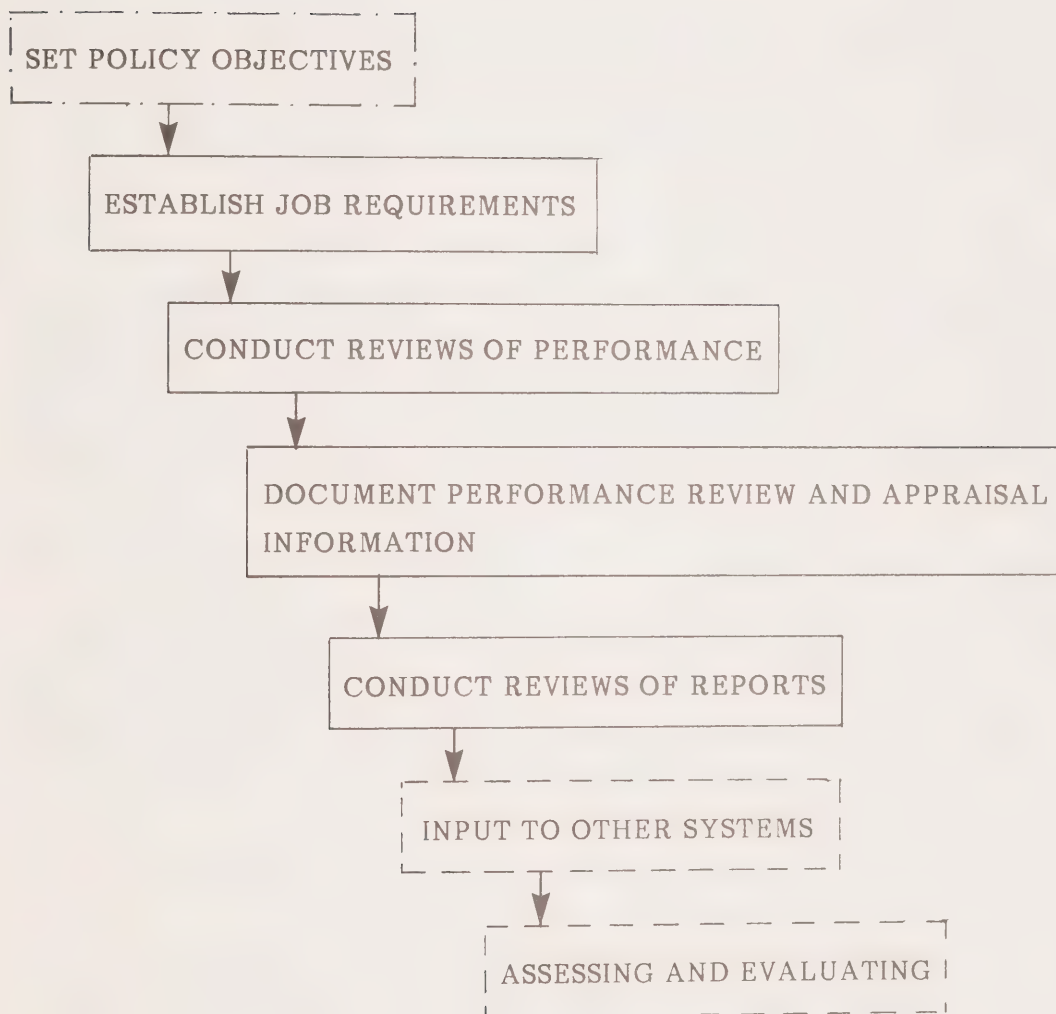
Figure 6 shows the activities of line managers and personnel specialists in the PREA process. Descriptions of each phase of the process in the context of the federal public service environment are contained in the following section.

Setting Policy Objectives

According to TBS policy, the PREA process consists of Performance Review - the informal oral or written communication that occurs continuously between supervisor and subordinate concerning the assigned duties, the achievement expected and the results achieved as well as the formal documentation of performance in an annual report. Employee Appraisal is a written assessment that identifies the employee's qualifications, abilities and potential as demonstrated on the job as well as the proposed solutions to training and development needs and possible future assignments. These elements are illustrated in Figure 7.

FIGURE 6

MODEL
PREA PROCESS



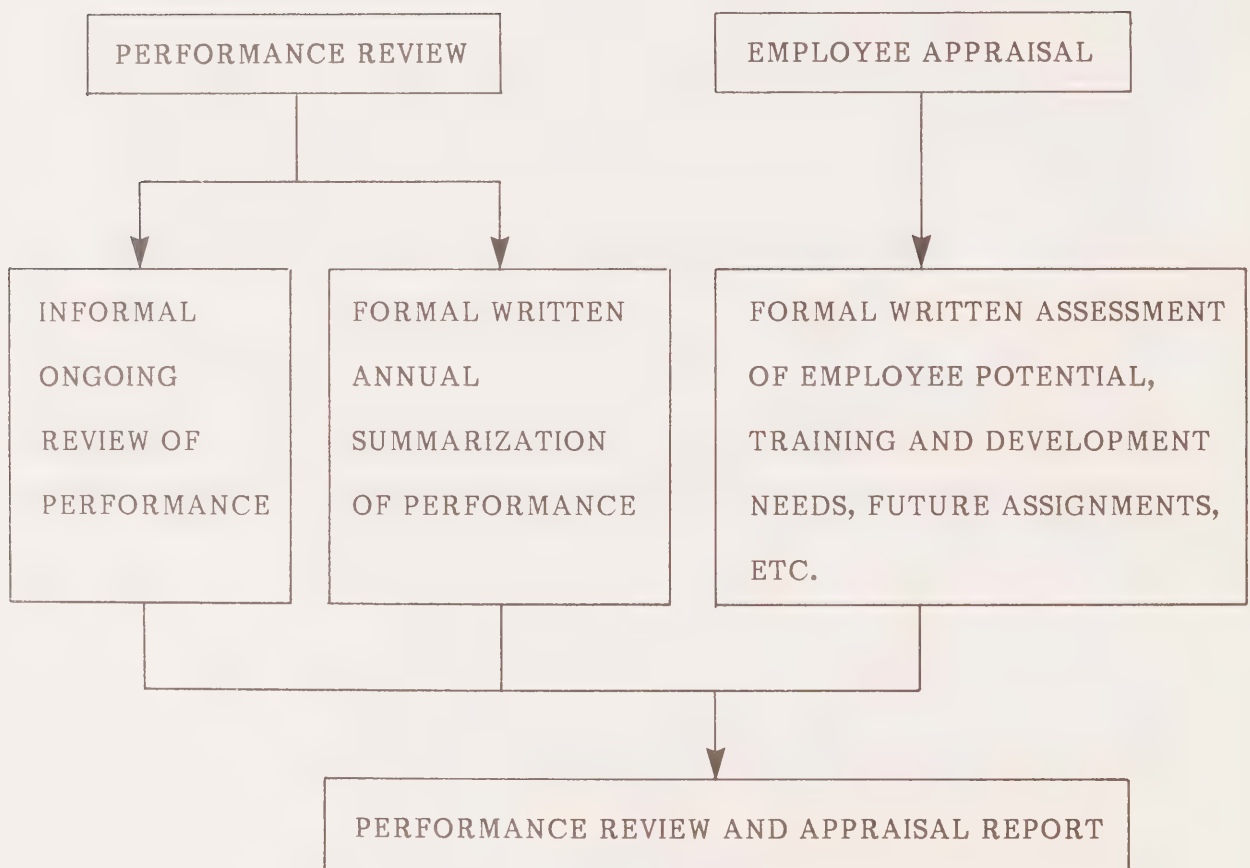
_____. _____ . _____. Senior Management/Personnel

_____ Managers

_____ Personnel/Managers

FIGURE 7

ELEMENTS OF
PERFORMANCE REVIEW AND
EMPLOYEE APPRAISAL



Auditing Human Resource Management

The TBS policy also stipulates that departmental and agency systems meet the following requirements:

- A PREA report should be completed at least annually for every indeterminate employee, for term employees who have been employed for six months and for every employee before the end of the probationary period.
- The formal documentation of performance should be supported by ongoing work reviews and feedback to employees.
- The report should be reviewed and signed by a review officer or committee.
- The PREA report should be discussed with the employee.

Within this policy framework, departments and agencies have considerable discretion in developing policy, designing forms, determining rating methods, establishing uses of appraisal information, and developing administrative procedures, etc. Personnel specialists usually develop the review and appraisal process with substantial input from line management to help ensure both the commitment of line managers and the relevance of the system to line operations.

Establishing Job Requirements

Supervisors who follow sound management practices discuss with employees the purpose of their jobs, what they are responsible for, and what is expected of them. They communicate with employees through a number of tools such as department, branch or division mission statements; individual job descriptions and work plans; statements of agreed goals; and performance measures or criteria. Discussions about duties and expected performance occur at the beginning of the rating period or when the nature of the work performed changes.

Conducting Reviews of Performance

It is also accepted good management practice that managers formally or informally assess continuously the performance of subordinates. This ongoing assessment compares performance against agreed goals or criteria. It also gives feedback to employees about how well they are performing and how to improve their performance where necessary. If they take place on a regular and timely basis, these discussions help ensure that there are no "surprises" at the end of the performance-rating period. They also provide a relevant framework for a frank, two-way discussion between supervisor and subordinate about the nature of the work, its linkage to other programs, constraints to high performance, possible improvements to the workflow, etc.

Documenting Performance Review and Appraisal Information

The written summary of the results of ongoing performance reviews in an annual report is a summary of performance over the rating period. It also

provides a framework for arriving at an overall rating. TBS policy requires that employee performance be rated on a scale that includes Outstanding, Superior, Fully Satisfactory, Satisfactory and Unsatisfactory. The appraisal portion of the annual report addresses such matters as training and career development needs, potential for advancement, alternative assignments, etc.

Conducting Reviews of Review and Appraisal Forms

Most appraisal systems include a review process to help ensure that supervisors rate performance with reasonable consistency and that the content and quality of appraisal information support its use as an appraisal tool. In the public service PREA reports are usually reviewed either by the supervisor of the rater or by review committee or both.

Inputting to Other Personnel Systems

Although the PREA process is most commonly used as a vehicle for communication about performance, the information derived from the process can also serve as input to a number of other significant management activities, including:

- identifying qualifications for other positions (in the staffing process);
- determining employee needs for training;
- forecasting future departmental human resource needs;
- determining future availability of qualified persons; and
- determining performance pay and, where applicable, performance bonuses or awards.

Appraisal information may also be used to determine reverse order of merit in cases of lay-off, in substantiating the rejection of an employee on probation or in the release or demotion of an employee for incompetence or incapacity. In addition, it can be used to justify denying an incremental pay increase to employees in occupational groups that are subject to lock-step pay plans.

In the public service, information in the PREA report is used in determining performance pay and performance awards.

Other uses of appraisal information will vary depending on the objective of the system, the quality of the data, and the existence of other related systems. As indicated previously, the appraisal report usually contains information on the training needs of an employee. However, some organizations do not use this information to identify individual training needs. In these organizations, other systems may capture the information in a more timely, efficient manner. The actual uses of appraisal information should be congruent with the intended uses as stated in established policies.

Assessing and Evaluating

An organization should continuously monitor the PREA process against plans and evaluate the degree to which it meets its stated objectives (see management of the personnel function criteria). The assessment of the PREA program usually involves determining completion rates of forms, analysing of rating distributions, and reviewing samples of appraisal documents to assess whether the quality of information supports intended uses (see PREA Chart 7, criterion 3, for factors to consider when assessing quality of forms).

Audit Criteria and their Application

Because PREA processes vary widely across organizations, the auditor should use judgement in assessing systems and practices. The audit criteria listed below are consistent with the Treasury Board policy and should be used in conjunction with the criteria for management of the personnel function, where they apply.

Criterion No. 1: **The review of employee performance should be based on job-related performance criteria.**

- Employees should be informed of their job responsibilities and of the performance criteria against which their performance will be assessed.
- Information derived from the work planning process should be taken into account when it relates to an employee's goals and their achievement.
- Supervisory personnel should periodically review and discuss performance with employees and, where performance is below standard, assist employees to develop and implement measures to improve their performance.

Criterion No. 2: **The review of each employee's performance should be summarized at least annually in an appraisal report.**

- Appraisal reports should contain the results of performance reviews and, when required for planning, training, staffing or other administrative purposes, information concerning career aspirations, training and development needs and employee potential.
- The information collected should be used for the purposes intended.

Criterion No. 3: **The monitoring and evaluation of the performance review and employee appraisal process should include (see management of the personnel function, criterion No. 5):**

- monitoring against workplans and evaluating extent to which objectives are met; and
- assessing the degree to which the quality of appraisal information supports intended uses.

Examples of possible audit activities for each of the criterion elements of performance review and employee appraisal are included in Chart 7. The auditor should review this chart in conjunction with Part II of this Guide and, specifically, the section "Application of Audit Criteria".

PERFORMANCE REVIEW AND EMPLOYEE APPRAISAL
POSSIBLE AUDIT ACTIVITIES BY CRITERION ELEMENT

CRITERIA	SURVEY	INDICATORS OF ISSUES	EXAMINATION
1. The review of employee performance should be based on job-related performance criteria.	<ul style="list-style-type: none">• Ask selected line managers if employee job responsibilities and performance criteria are documented or if employees are given information orally.• Review selected performance review and appraisal reports (or other documents identified by line managers) to determine if performance is assessed against documented performance criteria, tasks, etc.• Determine through review of selected reports whether employees in similar jobs are rated against similar factors or criteria.	<ul style="list-style-type: none">• Performance appraisals do not appear to contain information about tasks, objectives or performance criteria.• Review of forms indicates that there is no consistency in the criteria against which performance is measured. Employees in similar jobs seem to be assessed against different criteria.• Other factors, such as productivity, morale, etc. indicate that this may be a causal factor.	<ul style="list-style-type: none">• If there are indicators that job responsibilities and/or performance criteria are not clear, and if findings from others parts of the audit indicate that this may be a significant issue:<ul style="list-style-type: none">- develop a questionnaire or interviewing techniques to clarify the perceived weaknesses;- administer the questionnaire to all employees within the unit or organization or to a statistically valid sample. (see page 2 Chart 7).• Assess, if feasible, the impact of weaknesses on line operations.• Through interviews determine rationale for discrepancy, e.g.<ul style="list-style-type: none">- Are the workplans an inadequate reflection of ongoing work?- Are supervisors only aware of traits and not a ware of factors related to performance results?• Determine impact of discrepancy on employee morale, uses of appraisals in other management decisions, etc.
Information derived from the work planning process should be taken into account when it relates to an employee's goals and their achievement.	<ul style="list-style-type: none">• Ask selected line managers how the work for an organizational unit is determined and how that overall effort is broken down into the job responsibilities of individual employees.• Review a sample workplan.• Determine extent to which this planning information is used in the review and appraisal process.• Examine a small sample of appraisal forms to determine if stated tasks/objectives for rating period are related to tasks/objectives stated in the workplans.	<ul style="list-style-type: none">• The work planning process and PREA appear to operate independently. There does not appear to be any relationship between the workplans of a unit and the framework against which employee is being assessed. (e.g., tasks/objectives in appraisals do not appear consistent with statements in workplans; or the employee is assessed against factors such as traits rather than performance results and achievements against stated tasks/objectives/criteria.)	

CHART 7
PERFORMANCE REVIEW AND EMPLOYEE APPRAISAL
POSSIBLE AUDIT ACTIVITIES BY CRITERION ELEMENT

(2)

CRITERIA	SURVEY	INDICATORS OF ISSUES	EXAMINATION
Supervisory personnel should periodically review and discuss performance with employees and, where performance is below standard, assist employees to develop and implement measures to improve performance.	<ul style="list-style-type: none"> • Determine from interviews if formal periodic reviews of performance are documented and discussed with employees. • Ask selected line managers: (a) how frequently they discuss performance with their employees and if they develop plans to improve the performance of employees where performance is below standard; and (b) if they receive feedback about their own performance from their supervisor. 	<ul style="list-style-type: none"> • Line managers indicate that ongoing feedback to employees about performance does not occur due to such constraints as time pressures, etc. • Line managers indicate some concern about the lack of feedback on their own performance. • Weaknesses identified on the appraisal forms often do not have a corresponding action plan to improve performance. 	<ul style="list-style-type: none"> • If a combination of findings indicates that there may be weaknesses in management practices in the area, the auditor may wish to administer a questionnaire or interviews at more junior levels in the organization. The auditor should consult the HRM group prior to developing such a questionnaire. • If there are indicators that action plans are not developed for poor performers: <ul style="list-style-type: none"> - determine what other steps have been taken (e.g., have alternative work assignments been considered; training; release, etc.?). - determine why action plans are not currently proposed; - assess if alternatives exist; - determine impact on operations of not taking some form of action (assuming action is possible given the situation).
	<ul style="list-style-type: none"> • Determine from interviews, the incidence of poor performance in the organizational unit. • Review documentation for indication that action plans have been developed (e.g., appraisal forms). 	<ul style="list-style-type: none"> • A high number of poor performers exist who may not be receiving adequate direction. • Possibility of lower than expected productivity in certain organizational units. 	

CHART 7 PERFORMANCE REVIEW AND EMPLOYEE APPRAISAL POSSIBLE AUDIT ACTIVITIES BY CRITERION ELEMENT

(3)

CRITERIA	SURVEY	INDICATORS OF ISSUES	EXAMINATION
2. The review of each employee's performance should be summarized at least annually in an appraisal report.			
Appraisal reports should contain the results of performance reviews and, when required for planning, training, staffing or other administrative purposes, information concerning career aspirations, training and development needs and employee potential.	<ul style="list-style-type: none"> Review PREA policy to determine what purposes the system is intended to serve. Interview staff specialists and line managers to determine if appraisals are used for intended purposes and if quality of information supports such use. 	<ul style="list-style-type: none"> Information on appraisal reports appears to be inadequate to support intended use. Completion rates are low for specific units or for the whole organization, which may affect the utility of the appraisal process in facilitating management decisions. 	<ul style="list-style-type: none"> If appraisal completion rates are low, and/or if appraisal information appears to be of questionable quality, the auditor may: <ul style="list-style-type: none"> Determine how many managers have received training on the PREA process. Determine role of review committee. Review quality of information in greater detail (see Examination, Criterion 3).
The information collected should be used for the purposes intended.	<ul style="list-style-type: none"> Review selected appraisal reports to obtain global reading of quality of data if summary analyses are not available. (See Criterion 3 - Examination for more in-depth quality check.) Obtain appraisal completion rates. 	<ul style="list-style-type: none"> Information does not appear to be used for intended purposes. Alternative sources of information are used in the staffing process and for human resource planning purposes even though policies state this is the role of the PREA report. Line managers appear to have little commitment to the process because it is not used as intended. 	<ul style="list-style-type: none"> Determine impact of appraisal quality on decision-making, employee morale and motivation, etc. Determine why information in appraisal forms is not used for designated purposes. Determine what impact this may have on management practices and commitment to the PREA process, credibility of the personnel organization, etc.

CHART 7
PERFORMANCE REVIEW AND EMPLOYEE APPRAISAL
POSSIBLE AUDIT ACTIVITIES BY CRITERION ELEMENT

(4)

CRITERIA	SURVEY	INDICATORS OF ISSUES	EXAMINATION
<p>3. The monitoring and evaluation of the PREA process should include: (See management of the personnel function, criterion No. 5):</p> <ul style="list-style-type: none"> - monitoring against workplans and evaluating extent to which objectives are met; and - assessing the degree to which the quality of appraisals supports intended uses. 	<ul style="list-style-type: none"> • Through interviews, determine what monitoring and evaluation of appraisals is carried out (see management of personnel function criteria). • Review summary monitoring/evaluation reports of appraisals. • Where quality has not been assessed, review small sample of forms to determine overall quality (see criteria for detailed review under Examination). 	<ul style="list-style-type: none"> • Quality of appraisal documents is not assessed even when management decisions are based on appraisal information. • Appraisals are signed by review committees even though quality does not support intended uses. 	<ul style="list-style-type: none"> • If quality of appraisals is not assessed and where management decisions use information on appraisal documents, or where other findings suggest weaknesses in management practices generally: Select a larger sample of appraisal documents and review quality by determining such matters as: <ul style="list-style-type: none"> - extent to which goals, tasks or criteria are stated; - extent to which similar criteria are used for employees performing similar jobs; - existence and quality of narrative comments (results and process rather than traits); - consistency of overall rating with narratives; - extent to which action plans are identified to deal with stated weaknesses; - whether form was reviewed; - dispersion of ratings across groups.

Part III - Human Resource Management Audit Areas
Section 6 Job Classification

Introduction

Job classification refers to the processes used to determine the relative worth of jobs in the federal public service. The process involves writing a description of the work performed or to be performed, allocating the job to a specific occupational "family", and assigning the job to an occupational group and level within the occupational family. The job is assigned according to the evaluation of such elements as knowledge and skills required to do the work.

Job classification can have a major impact on the cost of operating an organization. All systems for evaluating and classifying jobs involve judgement. Therefore, they are subject to some degree of error, which can result in over-classifying or under-classifying a job. If a job is over-classified, it can result in overpayment for the work performed relative to other public servants. If a job is under-classified, it can result in underpayment and the possible loss of a trained and valued employee or create difficulties attracting competent employees. Misclassification can also significantly affect staff morale if employees do not perceive themselves to be classified and, therefore, paid equitably.

Job classifications are under constant pressure for review and possible upgrading. These pressures may result from the introduction of new programs or projects, reorganizations, new technologies or work processes or simply the increase in individual job responsibilities over time. These pressures may or may not warrant changes in job levels.

If a classification system does not contain enough counter-pressures in the form of controls to ensure consistency in assessing job changes, the result is unwarranted grade escalation or "classification creep" and unjustified payroll increases. Thus, the effectiveness of management controls is a key objective in any audit of classification.

In 1984, the Office of the Auditor General conducted a government-wide audit of the federal public service job classification system. The results of that audit were reported in the 1984 annual Report and should be read as useful background information.

The Federal Public Service Job Classification System

Section 7(1)(c) of the Financial Administration Act assigns the Treasury Board the authority to provide for the classification of positions. Responsibility for managing the classification system, which applies to about 220,000 employees, is vested in the Personnel Policy Branch of the Treasury Board Secretariat.

In line with the principle of extensive delegation of classification authority, the Treasury Board has delegated to deputy heads of departments and heads of agencies the authority to classify most positions. In 1982, more than 98 per cent of all departmental positions were covered by delegated classification authority. Treasury Board Secretariat has retained the authority to classify the more senior level jobs in the management category as well as certain levels in selected occupational groups in which significant classification problems have been identified.

The public service job classification system applies to departments and agencies listed in Part I, Schedule 1 of the Public Service Employment Act. This system was adopted by the Treasury Board in the late 1960s and includes 6 major occupational categories, each having a number of occupational groups:

Management Category:	2 groups
Scientific and Professional:	29 groups
Administrative and Foreign Service:	12 groups
Technical:	13 groups
Administrative Support:	5 groups
Operational:	10 groups

An occupational group includes all similar jobs that can be evaluated on a common scale. It also represents an entity for pay comparison purposes and provides a structure for career progression.

Any occupational group may be found in one or more departments and agencies of the public service. For example, Program Administrators (PM) may be found in 20 or more departments. Each group has a classification standard that identifies the work factors to be evaluated and provides rating scales for weighting them in a given job. Each standard contains several model or "benchmark" job descriptions exemplifying application of the standard in actual work situations.

Since the Treasury Board has delegated most of the administration of the classification program to deputy ministers, the Treasury Board and the departments share responsibility for maintaining consistency in job levels between departments.

Treasury Board Secretariat's Role

The principal roles fulfilled by Treasury Board and its Secretariat are developing and maintaining classification standards, promulgating policies and guidelines governing job classification, training and accrediting personnel specialists in job classification, auditing and evaluating the system, and providing mechanisms for resolving disputes over classification decisions.

Treasury Board policies governing job classification are set out in Volume 3 of the Personnel Management Manual. They cover the following policy areas:

PMM Vol. 3 Chap.	2-1:	The Classification System
	2-2:	Classification Delegation
	2-3:	Job Evaluation
	2-4:	Classification Documentation and Records
	2-5:	Classification Grievances
	2-6:	Classification Accreditation
	2-7:	Review of Classification Standards

Other directly related policies are:

PMM Vol. 1 Chap.	15:	Personnel Management Audit, Monitoring and Evaluation
PMM Vol. 3 Chap.	1-2:	Delegation of Organizational Authority
	1-3:	Control of the Number of Senior Personnel in the Public Service
	1-4:	The Use of Assistant Deputy Minister and other Assistant Deputy Head Titles
PMM Vol. 2		Classification - Management Category

The auditor should clearly understand both the intent and the specific requirements of these policies along with any revisions or new policy statements subsequent to the publishing of this Guide.

The Treasury Board Secretariat is responsible for auditing the performance of departmental classification activities. Periodically, the Secretariat conducts service-wide audits of the quality (or correctness) of classification decisions in individual departments. The process is known as "desk auditing". It involves comparing the duties actually performed with those set out in the job description for a specific position, and comparing both with the classification standard. These comparisons are used to determine whether the position is appropriately classified. Two service-wide audits conducted by the Secretariat in 1978 and 1982 indicated service-wide misclassification rates of 17.8 and 23.8 per cent respectively. In both audits, about 80 per cent of misclassified jobs were over-classified.

In 1982, the Secretariat conducted a service-wide audit of classification processes in individual departments and reported to each department on the adequacy of management controls over job classification. Current Secretariat guidelines to departments require that departmental internal audit groups periodically assess the adequacy of management controls over job classification.

Under delegated authority from Treasury Board, the Public Service Commission Audit Branch conducts audits of specific elements of compliance with Treasury Board classification policy in individual departments. The Commission carries out these audits as part of its Personnel Audit and Review program. Findings on classification are reported to the department as well as to the Treasury Board Secretariat. Classification policy elements covered by the Commission include the effective date of classification decisions, reviewing and updating job descriptions, and monitoring the classification process.

Early in the HRM audit, the auditor should find out what audit work, if any, has been conducted in job classification by these various groups and obtain copies of the related reports for review.

Roles and Responsibilities in Departments and Agencies

The Treasury Board, as indicated, has delegated the authority to classify jobs to departmental deputy heads, associate deputy heads, and heads of agencies. Except for these individuals, Treasury Board policy states that classification authority may be exercised only by persons accredited by the Treasury Board Secretariat. Persons who have completed the Secretariat's training program in job classification and those who have had extensive experience in the field (usually personnel specialists) receive accreditation.

The model set out in Figure 8 depicts the job classification process for departments and agencies. The typical roles and responsibilities for each stage of the process are as follows:

Allocate duties. This stage involves assigning tasks, duties and responsibilities to individual jobs. It is carried out by the line manager and involves considering factors such as the avoidance of duplication and overlap with other jobs, the logic of the grouping of tasks and duties relative to the objectives of the work unit, and the grouping of jobs into organizational units.

The allocation of duties is not part of the job classification process; rather it is an element of the process of organizing. It is included in the job classification model because it influences the job classification process. Because of this influence, it is important that the auditor have a sound understanding of the processes for making organization decisions in the organization under audit.

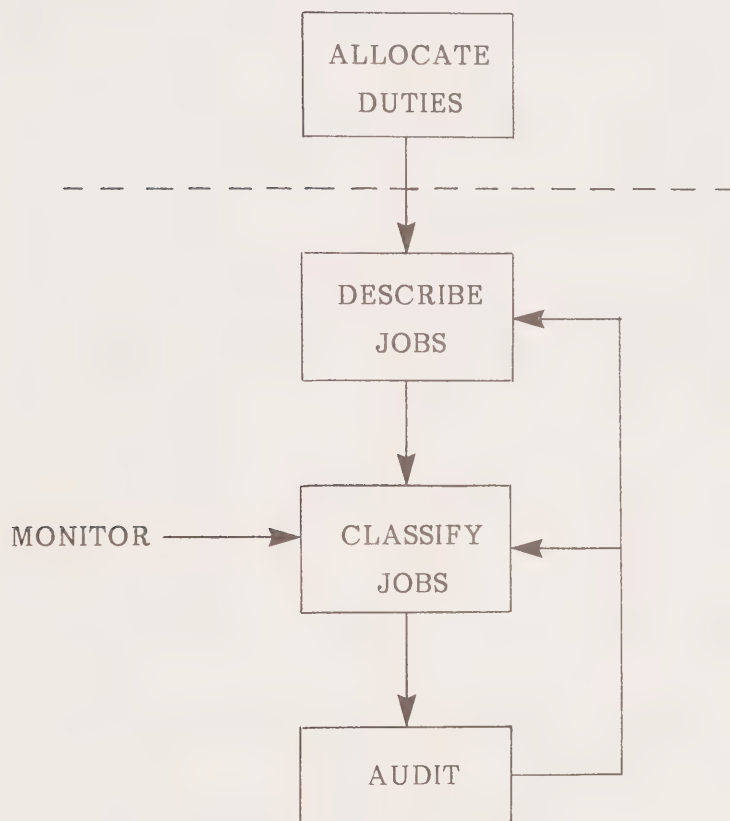
Describe jobs. This stage involves producing a written description of the duties, responsibilities, authorities and other principal features of a job. A job description is usually written by the line manager to whom the position reports and may involve consultation with a personnel specialist. The personnel specialist then evaluates the job description and assigns an occupational group and level.

The process of describing a job is based on job analysis techniques. These are used to analyse the duties and responsibilities assigned to the job in terms of their logic, their relationship to the objectives of the work unit, their relationship to other jobs in the organization. Inadequate job analysis can result in duplication or overlap in assigned duties within the organization. It can also lead to unintended effects such as pressures to adjust the classification of other jobs in the organization.

Classify jobs. Classifying a job involves allocating it to an occupational group and a level within that group. Allocating the job to an occupational group involves comparing the duties described with the category and group definition set out in the classification standards to determine the appropriate allocation (e.g., Program Administration; Auditing).

FIGURE 8

**JOB CLASSIFICATION
IN
DEPARTMENTS AND AGENCIES**



Determining the level within a group means evaluating the job in relation to such factors as skills, knowledge and supervisory responsibilities as set out in the rating plan for the appropriate classification standard. The classification decision may be made by either a personnel specialist acting alone or by a committee of line managers (usually with a personnel specialist among its members). When a committee of line officers makes the decision, it must be formally authorized by a person holding delegated classification authority.

When the duties and responsibilities of several positions are essentially similar, all positions may be covered by one job description (the lead position). This practice is known as "jobbing". Where jobbing is used, departmental records should clearly indicate the positions related to a single job description. Obviously, classification anomalies in a jobbed position may affect all positions related to the lead position.

Monitor and audit. The departmental personnel unit is responsible for monitoring job classification. Monitoring covers the quality (or correctness) of classification decisions as they are made as well as the quantity and quality of services that personnel specialists provide.

The correctness of classification decisions should be audited periodically to determine the extent to which work performed is as described, and if the job has been appropriately classified. To help ensure independence and objectivity, audits should be carried out by the departmental internal audit unit, with the assistance of classification specialists.

Audit Criteria and their Application

The following audit criteria were developed during the Office's service-wide audit of job classification and apply to departmental or agency job classification activities.

Criterion No. 1: **Job classification decisions should reflect correct application of classification standards.**

- Classification decisions should be based on an accurate description of the work performed or to be performed.
- Classification decisions should be made by persons knowledgeable of the work performed or to be performed and of the application of classification standards.

Criterion No. 2: **The classification and related cost implications of proposed allocations of work should be considered before such allocations are finalized.**

Criterion No. 3: Classification decisions should be monitored to assess their impact on related jobs; they should be audited periodically to ensure their accuracy; anomalies should be corrected promptly.

Examples of possible audit activities for each of the criterion elements of the job classification function are included in Chart 8. The auditor should review this chart in conjunction with Part II of this Guide, specifically, the section "Application of Audit Criteria".

The activities described in Chart 8 have been developed solely as guidelines and focus on interviews with key people involved in the job classification process, review of relevant policies and practices and a review of samples of job files. At the survey stage, the auditor should develop plans that include holding interviews and reviewing documents from other human resource management systems with reference to the small sample of job files selected for the survey.

As indicated previously, the integrity of a job classification system largely depends on how closely the work performed coincides with the work described and on how closely both relate to the classification standard. An auditor can assess the coincidence of the work performed with work described in a job description even if he or she does not have specific training in applying job classification standards. However, any comment by the Office on the relationship between work described or actually performed to the classification standard will not be credible without the advice and participation of an accredited classification specialist. Accordingly, auditors should contact the HRM group to obtain the services of an accredited classification specialist when addressing the appropriateness of the classification decision in terms of allocation to the occupational group or assignment of level.

Important note: A number of possible audit activities set out in the audit activity sheets for job classification involve the use of specialized audit techniques. Examples include the sampling of transactions and the verification of work actually performed relative to work described. These activities have been indicated in the activity sheets by an asterisk. Where the auditor is contemplating audit work in those areas marked by an asterisk, the advice of the OAG Human Resource Management group should be sought.

CHART 8
JOB CLASSIFICATION
POSSIBLE AUDIT ACTIVITIES BY CRITERION ELEMENT

CRITERIA	SURVEY	INDICATORS OF ISSUES	EXAMINATION
1. <u>Job classification decisions should reflect correct application of classification standards.</u>			
Classification decisions should be based on an accurate description of the work performed or to be performed.	<ul style="list-style-type: none"> Review related policies, procedures and practices. Interview classification personnel and line managers and review a small sample of files to determine if input controls to the classification decision process are in place and being used. Consider such control factors as: <ul style="list-style-type: none"> - authorized organization charts; - approved job descriptions; - employee review of job descriptions; - pre-decision on-site reviews. Review departmental policies and practices for the provision of advice, guidance and training of managers in job description writing. Interview a selection of managers with recent experience classifying jobs to ascertain degree of advice, guidance or training provided. 	<ul style="list-style-type: none"> Input controls appear to be inadequate or are not being used as intended. Managers receive limited advice, guidance or training in job description writing. Process is characterized by extensive revision to job descriptions. Rationales are missing or appear to be inadequate. 	<ul style="list-style-type: none"> Take a sample of transactions* during the past year and verify actual job content relative to the job description by interviewing incumbents and supervisors. Where possible, obtain samples of work performed. (Note: Start with a small sample, possibly 5% of substantive transactions, and then expand if needed.) Document delays resulting directly from problems in job description writing. Interview managers and classification officers to identify the reasons for extensive revisions.
<u>Classification decisions should be made by persons knowledgeable of the work performed or to be performed and of the application of classification standards.</u>	<ul style="list-style-type: none"> As part of the small file review, examine the adequacy* of classification decision rationales. 		

CHART 8
JOB CLASSIFICATION
POSSIBLE AUDIT ACTIVITIES BY CRITERION ELEMENT

CRITERIA	SURVEY	INDICATORS OF ISSUES	EXAMINATION
	<ul style="list-style-type: none"> • Review classification policies, procedures and practices, such as the following, which are intended to ensure "objectivity and independence" of the decision making process when applying classification standards: <ul style="list-style-type: none"> - peer or supervisory review; - use of committees and jobbings; - qualifications and experience of classification officers. • Review incidence of job misclassification as identified by previous studies or audits. • Review incidence and disposition of classification grievance. • Review departmental policies and practices for training line managers in job evaluation methods. • Review the departmental policies and procedures and review the small file sample for practices with respect to organization change and determining the cost implications of classification decisions before they are finalized. • For significant occupational groups*, document group profile shifts over the previous five years. 	<ul style="list-style-type: none"> • Policy, procedures and practices do not appear to provide a process where "objective and independent" decisions are assured. • Substantive classification decisions are made by persons who have not completed recognized training requirements. • High reported incidence of misclassification. • High rate of reversal of initial classification decisions. • Managers receive limited or no training in the application of classification standards. • Controls appear to be inadequate or not followed. • Upward movement in salary costs resulting from upward shifts in classification levels. 	<ul style="list-style-type: none"> • Audit a sample* of classification transactions during the past year to determine the rate of misclassification (through misapplication of the standard). • Examine a sample of grievated and changed decisions to identify (if possible) the cause of the inappropriate decision. • Interview line managers involved in classification decisions to assess the impact, if any, of limited or no training in job evaluation. • Identify, if possible, organization components with significant group shifts. Interview managers to identify changes in outputs resulting from shifts and increased salary costs.
2. <u>The classification and related cost implications of proposed allocations of work should be considered before the allocation is finalized.</u>			

CHART 8
JOB CLASSIFICATION
POSSIBLE AUDIT ACTIVITIES BY CRITERION ELEMENT

CRITERIA	SURVEY	INDICATORS OF ISSUES	EXAMINATION
3. <u>Classification decisions should be monitored to assess their impact on related jobs; they should be audited periodically to ensure their accuracy; anomalies should be corrected promptly.</u>	<ul style="list-style-type: none"> • Review monitoring and audit: <ul style="list-style-type: none"> - policies and procedures; - roles and responsibilities; - audit plans. • Review monitoring and audit reports. Examine working papers and related analyses to ascertain whether they have been completed according to the program and plan and reported to senior management. • Review the timeliness of corrective action in response to identified misclassified positions. 	<ul style="list-style-type: none"> • Policies and procedures are inadequate or missing. • Roles and responsibilities are not clearly defined or allocated. • Audit plans do not provide comprehensive, timely coverage of classification. • Work is not completed according to approved programs and plans. • Results are not reported in a timely manner to senior management. • Time required to resolve anomalies appears excessive. 	<ul style="list-style-type: none"> • Where problems have been identified, interview appropriate managers to determine cause, related effects and possible recommendations.

APPENDIX A

DOCUMENTS AND NUMERICAL DATA

DOCUMENTS AND NUMERICAL DATA

The following is a detailed list of data requirements that may be requested from the audited organization during the planning or examination phase of the audit.

GENERAL INFORMATION

1. Current departmental and personnel branch/division organization charts indicating occupational groups and levels (updated).
2. Ratio of strength of personnel staff to departmental strength.
3. Breakout of departmental population by occupational group and level.
4. Number of authorized person-years, current and previous fiscal year.
5. Number and work location of part-time, casual, contract staff, number and location of occupational groups for which the organization is the sole employer.
6. Copies of existing personnel policies.
7. Copies of personnel branch program goals, operational objectives and workplans.
8. Human resource-related audits or studies:
 - internal HRM audits;
 - TBS classification audits;
 - PSC audits;
 - internal studies on shortage groups/mobility studies, etc.;
 - internal studies of level of service of personnel unit.
9. Departmental responses to audits/studies.
10. Listing of committees dealing with HRM-related matters and their functions.
11. Number of managers attending courses in personnel functional specialties.
12. Number and nature of grievances by organizational element (if possible).
13. TBS report on usage of sick leave compared to weighted public service average.

TRAINING

- Training division workplans
- Copies of forms used in training needs identification
- Course calendar
- Course breakdown - number of employees receiving training by course
- Reports on training to TBS
- Copy of annual training plan and training budget allocation
- Reports on actual training costs
- Samples of training manual
- Copies of training evaluation forms and samples of evaluations
- Documentation on utilization of training staff and facilities

HUMAN RESOURCE INFORMATION SYSTEMS

- Listing, distribution and samples of all HRIS outputs
- Total cost of processing human resource information
- Feasibility studies preceding development of system or later studies
- Human resource reports sent to central agencies

HUMAN RESOURCE PLANNING

- Overtime as a percentage of salary budget
- Program goals, operational objectives and workplans for selected areas
- Turnover rate
- Human resource plans
- Retirement profiles

STAFFING

- Staffing division workplans
- Performance measurement standards
- Work load of staffing officers
- Time to staff positions

CLASSIFICATION

- Classification division workplans
- Departmental policy on use of classification committees
- Workload of classification officers
- Turnaround time for classification requests
- Occupational group profiles (shifts over time)

PERFORMANCE REVIEW AND EMPLOYEE APPRAISAL

- Percentage of completed forms over three-year period by organizational unit
- Reports on status of system and uses to which data is being put
- Copy of forms and instructions to users
- Sample of appraisal documents

APPENDIX B

SUGGESTED LIST OF PEOPLE TO BE INTERVIEWED
DURING HRM SURVEY

SUGGESTED LIST OF PEOPLE TO BE INTERVIEWED
DURING HRM SURVEY

HEADQUARTERS

- Key senior line managers (sample of between 5-10)
- Administrative assistants (sample of 2)
- Key middle-level managers (sample of 3)
- Non-supervisory personnel (depending on nature of issues)
- Head of personnel administration
- Training manager
- Human resource planning and employee appraisal manager
- EDP manager
- Staffing manager
- Labour relations manager
- Manager classification and pay and benefits
- Internal auditor responsible for HRM

REGIONS (preferably two regions during survey)

- Regional director
- Personnel manager
- Training officer (if applicable)
- Staffing officer (if applicable)
- Key line managers

NOTE: This list is not exhaustive and must be adapted to suit the circumstances of the audited organization. Some positions may not exist in an organization or one position may cover more than one area of responsibility. More junior-level personnel may be interviewed depending on the issues.

APPENDIX C

POSSIBLE INTERVIEW QUESTIONS FOR MANAGERS AND PERSONNEL SPECIALISTS

The auditor should regard the questions in this Appendix as a framework from which he or she can develop material for interviews with officials of the audited entity. Questions should be added, deleted or reconstructed consistent with the lines of enquiry and the audit issues.

- C-1 - Possible Interview Questions for Senior Personnel Specialist
- C-2 - Possible Interview Questions for Managers
- C-3 - Possible Interview Questions for Manager, Human Resource Planning
- C-4 - Possible Interview Questions for Manager, Training
- C-5 - Possible Interview Questions for Manager, Human Resource Information Systems
- C-6 - Possible Interview Questions for Manager, Performance Review and Employee Appraisal Systems
- C-7 - Possible Interview Questions for Manager, Classification
- C-8 - Possible Interview Questions for Manager, Staffing

Possible Interview Questions for Senior Personnel Specialist

A. General Approach

Opening Remarks

- Explain how human resource management fits into the comprehensive audit.
- Describe the nature and scope of the HRM audit.
- Discuss feedback upon completion of survey.
- Request initial documentation.

B. Overview Questions

The following questions are intended as a framework for the initial or introductory interview with the senior personnel officer.

	<u>Criterion Reference</u>
1. What would you say are the current thrusts or initiatives of the personnel branch? What are your long-range plans for the branch?	General
2. Are there any areas within the department that have undergone extensive re-organization or program shifts over the past several years? What impact has this had on human resources?	General
3. Within the past few years, what personnel-related audits or studies have been conducted internally or by other agencies? (obtain copies)	5 MPF
4. What were the major areas of recommendation? Have these audits or studies led to modifications to personnel programs? Please specify.	5 MPF
5. Do any groups of employees present particular problems from a recruitment, classification, staff relations, etc. point of view? What actions have been taken to try to resolve the situation? Has there been any impact on the ability of the organization to deliver its programs?	General
6. Are there any areas in the department in which managers face difficulties with the utilization of their resources?	All criteria (cause could be in any number of areas).

Criterion Reference

e.g.- sick leave utilization high turnover morale problems, grievances, appeals overtime expended levels of staff utilization and performance		
7.	If concerns exist, to what extent have these matters been discussed/resolved? If not resolved, why not?	same as above
8.	Are there any other concerns or problems you see or foresee with human resources? To what extent are these matters solvable or in the process of being resolved?	General
9.	Which personnel activities are centralized and which are carried out in regions? What is the level of interaction between the two organizational units?	2 MPF
10.	Does the current personnel structure create any difficulties?	2 MPF
11.	Do personnel officers work in a specialist or generalist mode of operation? How effective is this?	2 MPF
12.	Describe your relationship with line management.	4 MPF
13.	Would you say the department has the number and type of people it requires to operate effectively? Are there areas of the department facing resource constraints?	1 MPF 1 HRP
14.	What controls are in place to ensure the department remains within its allocated person-years? (review process)	General
15.	How well would you say your current human resource information systems satisfy the needs of management? Where improvements are required?	1 HRIS
16.	How do you know how well you are doing with your personnel programs? Do standards exist? What framework of assessment do you see?	5 MPF
17.	In your view, are managers satisfied with the level of service in the personnel programs? If not, in what areas are they not satisfied, and why do you feel this perception exists?	5 MPF

	<u>Criterion Reference</u>
18. Are you satisfied with the level of expertise of individuals in your personnel organization?	3 MPF
19. Have all your personnel officers received required central agency training and accreditation?	3 MPF
20. Do you have any developmental programs for personnel officers? If no, is there any recognized need for efforts in that direction?	3 MPF
21. Are there any areas that you feel should receive specific attention during the course of our audit work?	General

C. Detailed Questions

The following questions are intended as a framework for an in-depth interview with the senior personnel manager during the survey stage. This interview usually takes place after the auditor has gained some understanding of the HRM systems and practices in the organization, thereby making best use of the interview time. The auditor should add any questions that would elicit the viewpoints of the senior personnel officer on other matters identified early in the survey that appear to be of significance. Similar questions may be asked during the examination phase of the audit, depending on the issues that emerge.

- | | |
|---|-------|
| 1. How long has the present personnel structure in your organization been in place? Are there plans for change? | 2 MPF |
| 2. In your view, does the present structure facilitate the service and control functions of the personnel organization? | 2 MPF |
| 3. How is co-ordination achieved between personnel specialty areas in headquarters? | 2 MPF |
| 4. Are there any known areas where lack of co-ordination exists? | 2 MPF |

These questions should be asked if the organization has a decentralized personnel operation.

Management of Personnel

- | | |
|---|-------|
| 5. What is the nature of your relationship with the regional personnel units? | 4 MPF |
|---|-------|

Criterion Reference

- | | | |
|-----|---|-------|
| 6. | Are there any areas of concern regarding the respective roles of headquarters and the field personnel units? | 4 MPF |
| 7. | How is co-ordination between regional and headquarters personnel programs achieved? | 2 MPF |
| 8. | To what extent are regions aware of activities in other regions? | 2 MPF |
| 9. | Do any regions have particular human resource issues or concerns? | 1 MPF |
| 10. | What is the reporting relationship of personnel officers in regions, formally and in practice? | 2 MPF |
| 11. | Are all field offices serviced to the same extent by the personnel unit, or are there variations? If variations exist, do they create any problems? | 2 MPF |
| 12. | Do you have input into the performance of personnel specialists in regional offices? If not, what impact does this have? | 2 MPF |

The following questions should be considered for both centralized and decentralized personnel units.

- | | | |
|-----|--|-------|
| 13. | Do level of service standards exist in personnel? If yes, how are they used? If no, do you believe they should be developed? In what areas? | 1 MPF |
| 14. | Is there a policy for each of the personnel functions? Are there plans for developing new policies? | 4 MPF |
| 15. | Do you perceive that managers understand their roles and responsibilities in the area of personnel? What would be the major areas of management concern? | 4 MPF |
| 16. | Do line managers have input into personnel policy development? | 4 MPF |
| 17. | How are policies communicated to line managers? | 4 MPF |
| | - extent of formal training given | |
| | - distribution of policies | |

Criterion Reference

- | | | |
|-----|--|-------|
| 18. | When developing objectives and workplans for the coming year, do you ask for input from line managers? In what format? Is the information useful? | 1 MPF |
| 19. | What linkage exists between personnel objectives and the operational plans and objectives of the organization? | 1 MPF |
| 20. | Is the planning process in personnel sufficiently detailed to enable you to determine how many resources are required in the various personnel functions? If so, is this done? | 1 MPF |

Human Resource Planning

- | | | |
|-----|---|----------------|
| 21. | What are the recognized strengths and weaknesses of human resource planning in your department? | 4 HRP
5 MPF |
| 22. | What plans exist for overcoming those weaknesses or building on strengths? | 4 HRP |
| 23. | Do you believe the department is adequately staffed in relation to its mandate? | 1 HRP |

Human Resource Information Systems (HRIS)

- | | | |
|-----|--|--------|
| 24. | Have there been any recent studies to examine your information needs and/or the effectiveness of the department's HRIS in meeting user needs? What were the results? | 3 HRIS |
| 25. | Were the recommendations made in the studies implemented? If not, why not? | 3 HRIS |

Management of Personnel

- | | | |
|-----|--|--------|
| 26. | Are you satisfied with the completeness, accuracy and timeliness of the personnel information you receive? Do you think line managers are satisfied? | 1 HRIS |
| 27. | Do you have other personnel information requirements that are not being satisfied by current systems? What are they? What action are you taking? | 1 HRIS |

Criterion ReferenceClassification

- | | |
|--|---------|
| 28. Are certain occupational groups or areas in your department experiencing classification problems? Why is this? | General |
| 29. In your perception, what is management's view of the classification process? | General |
| 30. Are there areas where improvements are required? | General |

Staffing

- | | |
|---|---------|
| 31. What are the general concerns expressed by management regarding the staffing system? | General |
| 32. Are there any areas in which you perceive that the staffing process within the organization needs to be improved? | General |

Management of Personnel

- | | |
|--|---------|
| 33. Has personnel taken any initiatives aimed at making the staffing system more compatible with operational requirements? | General |
|--|---------|

Training

- | | |
|---|--------------------------|
| 34. What have been the department's major training thrusts over the past few years? What were the major difficulties or challenges? | 3, 4 Training |
| 35. Is training a significant requirement in this department? Why? | General |
| 36. Do you feel the department adequately: | all training
criteria |
| - controls training costs; | |
| - evaluates training activities; and | |
| - identifies training needs? | |
| 37. What do you perceive as line managers' greatest concerns with training? | 4 Training |

Criterion Reference

Performance Review and Employee Appraisal

- | | |
|---|--------|
| 38. To what extent is the performance review and employee appraisal system in your department functioning effectively? What purposes does it serve? | 3 PREA |
|---|--------|

Possible Interview Questions for Managers**A. General Approach**

Opening Remarks

- Explain how human resource management fits into the comprehensive audit.
- Explain how interviews with line managers relate to the overall human resource management audit.

B. Overview Questions

The following questions are intended to be used as a framework for initial meetings or brief discussions with senior line managers during the survey stage of the audit.

	<u>Criterion Reference</u>
1. What is the nature of your organization and the program(s) you carry out?	General
2. Have there been any recent changes to your organization structure, technology, workforce, objective or programs? Describe the changes?	General
3. What is the expected human resource impact of these changes? Has there been any action taken to deal with this impact?	General
4. Does the nature of your organization present any unique challenges to the management of human resources?	General
- availability of staff	
- type of work	
- staff motivation	
- productivity concerns	
5. What is the impact of this on operations?	General
6. What action has been taken to resolve these concerns?	General
7. How do you ensure that staff with appropriate skills are available in appropriate numbers to meet your future program needs?	2 HRP

Criterion Reference

- | | | |
|-----|---|---------|
| - | Do you analyse retirement figures, historical turnover, etc. to determine possible vacancies? | |
| - | Are there any current areas of vulnerability such as shortages, surpluses, mobility problems, in specific groups? | |
| 8. | What process was followed in allocating person-years to your area? Are you called upon to justify the number of human resources you have? | 1 HRP |
| - | for existing programs? | |
| - | for new programs? | |
| - | through what mechanism? | |
| 9. | Are you asked to communicate your human resource needs to the personnel branch for its management planning purposes? | 1 MPF |
| - | type of information requested | |
| - | perception of extent information is used | |
| - | extent feedback given | |
| - | utility of information to the manager | |
| 10. | How satisfied are you with the level of service provided by the personnel unit in: | 4 MPF |
| - | staffing; | |
| - | classification; | |
| - | training; | |
| - | human resource planning; | |
| - | labour relations; | |
| - | human resource information. | |
| 11. | Are there any areas in which you feel improvements are required to human resource systems and practices to meet operational needs? | 4 MPF |
| 12. | Is there any way in which this audit could be of assistance to you? Are there any areas on which you feel we should focus? | General |

C. Detailed Questions

The following questions are intended to be used in addition to the previous questions as a framework for in-depth interviews with line managers during the audit survey or examination phase, where appropriate.

Criterion ReferenceHuman Resource Planning

- | | | |
|----|--|-------|
| 1. | How do you know how many and what type of people you need in your area? (Ask to see workplans.) | 1 HRP |
| | - Are workplans developed at the level of organizational unit exclusively or also at the level of the individual employee? | |
| 2. | Do work standards apply to any jobs in this area? Have they been developed? Could they be used in areas where they are not currently in existence? | 1 HRP |
| 3. | Comment on how you see your role in human resource planning. | 4 HRP |
| | - extent responsibilities defined and clearly communicated; | |
| | - role of staff specialists; | 4 HRP |
| | - adequacy of guidance and advice from staff specialists. | |
| 4. | What changes in policy or practice do you think are necessary to improve human resource planning practices within the organization? | 2 HRP |

Human Resource Information Systems

- | | | |
|----|---|--------|
| 5. | Do you receive all the management information from human resource information systems that you need for carrying out your responsibilities? | 1 HRIS |
| | - Types of information received and requested. | |
| | - Is the information you get timely, reliable and relevant? | |
| | - If not, what problems does this create for you? | |

Criterion Reference

- If information is not adequate, what is the impact?
- What changes would you make? Have these been previously proposed? To whom, and with what result?
- 6. Do you feel you have been adequately informed about the system to enable you to understand its capabilities and feel confident about using it? 1 HRIS
- 7. Were you or other members of management involved in the design of personnel information systems? What was your role? 1 HRIS
- 8. Do you maintain manual information systems or microcomputer systems within your own organization? 1 HRIS
 - Why is this necessary?
- 9. In your view, is there any unnecessary duplication of data in the departmental information systems? 3 HRIS

Training

- 10. What types of training do members of your staff generally receive? 1 Training
 - internal vs. external courses
 - duration of courses
- 11. Does training address operational needs? 2, 5 Training
- 12. Are there any areas in which more courses or programs are required to address current or future staff needs? What is the effect on your programs of the lack of this training? 2 Training
- 13. Do any courses need improvements? 5 Training
- 14. Are you satisfied with the degree of input that you have into departmental training programs? Describe nature of input. 1, 2, 5 Training
- 15. Are you clear about your own roles and responsibilities for training? What are they? How do you identify who receives training? 4 MPF
2, 3 Training

Criterion Reference

- linkage to appraisals/performance gaps
 - training or development
16. What overall improvements would you like to see in the training programs? Do you receive an adequate level of service and support from personnel on training matters? 5 Training
1 MPF
17. Have you received adequate information and training about human resource systems and practices in the various human resource specialty areas? What training have you received in this area? 3 MPF

Performance Review and Employee Appraisal

18. In your view, what is the value of the PREA process? How do you use it? 3 PREA
19. Do you have any concerns related to the use of PREA in your department? Please describe. 3 PREA
20. Do you have performance criteria for your employees? 1 PREA
- type of criteria
 - extent employee informed
21. Could you describe the work planning process in your organization? 1 PREA
- levels of employees included
 - extent goals from workplans used for PREA purposes
 - extent workplans discussed or negotiated with employee
22. For employees who did not have individual workplans, what do you do to ensure that they are aware of their objectives and the criteria used to judge their work? 1 PREA
23. Generally how frequently do you discuss performance strengths and weaknesses with employees? 2 PREA

Criterion Reference

- | | |
|--|--------|
| 24. Do you have any problem employees? If yes, what action have you taken? | 2 PREA |
| 25. Are you confident of your roles and responsibilities with regard to such cases? | 3 MPF |
| - If no, what are your concerns? | |
| 26. Is the appraisal information used for purposes other than as a communication vehicle between manager and employee? | 2 PREA |
| - Does the quality of the information support such uses? | |
| - Should it be used for other purposes? | |
| 27. What is the role of the appraisal review committee? In your view, does it carry out this role? If not, what is the impact? | 3 PREA |
| 28. Do you have any concerns relating to PREA in your department? Please describe. | 3 PREA |

Classification

- | | |
|---|------------------|
| 29. In what percentage of cases would you say that job descriptions for your organization reflect the current work being performed? | 2 Classification |
| 30. Are you satisfied that the classification levels of jobs in your organization reflect the work being done? | 3 Classification |
| 31. Are you clear on what your roles and responsibilities are for classification? | 4 MPF |
| - Please describe them. | |
| 32. How have your roles and responsibilities been communicated to you? | 4 MPF |
| - training | |
| - policy | |
| - informally | |
| 33. In what areas of classification do you need more information? | 4 MPF |

	<u>Criterion Reference</u>
34. Does the application of the classification system ever negatively affect your ability to meet program objectives? What steps have been taken to rectify the situation?	4 Classification
35. How long does it generally take to classify a position? - impact on operations	4 Classification
36. Do you have any concerns or comments about the classification system?	4 Classification
<u>Staffing</u>	(criteria not yet developed)
37. Have you encountered circumstances within your organization where program or priority changes have made staff surplus to requirements? - How did you deal with the situation?	
38. Are you able to recruit from within or outside the organization the type of staff you require? If not, which groups present problems? What is the impact of this situation on your programs?	
39. When staffing a position, do you have input into the type of selection process used? - Is cost a factor that is considered? (examples)	
40. When selecting candidates, do you feel you have all the data you require to make an informed decision? - What information do you use? - What additional information might be useful to you?	
41. Are your requirements for staff met in a timely manner? If not, what is the difficulty and does it have any operational impact?	
42. Do you establish performance criteria and review performance of probationary employees? - How formal is this process?	
43. Have you encountered performance problems with probationary employees? - What action did you take?	

Criterion Reference

44. Have you ever encountered problems rejecting an employee on probation?
45. Are there any areas in which you feel the staffing process could be improved?

Management of Personnel

46. Does the level of service provided by personnel satisfy operational needs? 4 MPF
 - If not, please describe.
 - What is the impact on operations?
47. Do you have any comments regarding the level of skill and experience of personnel staff? 3 MPF
48. In your estimation, is there adequate co-ordination between the various functions in personnel? If no, please specify. 2 MPF
49. Have you ever been requested to provide or have you ever provided feedback on level of service of the personnel function? What was the nature of your comments? 4 MPF
- (to be asked of Senior Line Managers in Regional Offices)
50. Are you satisfied with the present reporting relationship of personnel in the region? Are there any changes you would like to see? 2, 4 MPF

Regional Interview Questions

51. Do you have any concerns about the level of service offered by the regional personnel unit? 2 MPF
52. Are there areas where additional support from headquarters would be helpful to you? 5 MPF
53. Are you satisfied that headquarters policies and procedures are relevant to regional needs? Do you have specific regional policies? 4 MPF
54. Have you expressed concern to headquarters regarding any major personnel issue? What has been the outcome of the matter? 5 MPF
55. Do you have any specific human resource concerns due to unique circumstances within the region? General

Possible Interview Questions for Manager, Human Resource Planning**A. General Approach**

Opening remarks

- Explain how human resource management fits into the comprehensive audit.
- Explain how the audit of human resources planning activities relate to the overall human resource management audit.

Criterion Reference**B. Interview Questions**

- | | | |
|----|---|-------|
| 1. | What human resource activities from among the following examples are performed in the organization? | 1 HRP |
| | <ul style="list-style-type: none"> - maintenance of human resource inventories - turnover analyses, retirement profiles, etc. - identification of shortages and surpluses - development of action plans including: <ul style="list-style-type: none"> - succession plans - career development plans - staffing plans - forecasts of human resource needs | |
| 2. | Are summary reports of these activities available? (obtain copies) | 1 HRP |
| 3. | Who is responsible for these activities? | 2 HRP |
| 4. | (Ask this question if human resource information is not analysed.) How would you be aware of key positions that are vulnerable due to retirements or turnover? | 1 HRP |
| 5. | How does the nature of the workforce or type of work influence the human resource planning activities of this organization? | 2 HRP |
| 6. | Do you feel there is a need for additional human resource planning activities to those currently in place? Have these been proposed? | 2 HRP |

Criterion Reference

Will the lack of these activities affect on the organization's capacity to deliver its programs?	
7. Have there been any recent changes within the organization that have affected human resources? What are the changes and the effects?	2 HRP
8. In your view, was the planning adequate to deal with the impact on human resources?	2 HRP
9. Will any projected changes affect human resources? Describe changes, potential effects and actions planned.	3 HRP
10. To what extent is the human resource planning process linked to operational and financial planning?	3 HRP
11. Is there a process by which managers are asked to identify the human resource implications of changes to programs?	3 HRP
12. Is this information summarized and used for personnel management planning purposes? Who uses it? For what purpose?	3 HRP
13. How do managers identify their human resource requirements? To what extent are work standards used?	1 HRP
14. In your view, do managers develop workplans in sufficient detail to be able to identify the human resources needed for new and ongoing programs?	1 HRP
15. In your area, do you have workplans in this kind of detail? (obtain sample)	1 MPF
16. What human resource information is available to managers? (obtain sample copies). How often is the information supplied?	1 HRIS
17. Is the information accurate? Is it timely? If not, why not?	1 HRIS
18. Do line managers use the information? If not, why not?	1 HRIS
19. How do you use the information for human resource planning purposes?	1 HRIS

	<u>Criterion Reference</u>
20. What change would you make to the information? What information is unnecessary?	1 HRIS
21. Does the organization maintain an inventory of current human resources? - contents of the inventory - use made of the information - need for additional information	2 HRP
22. Does a departmental policy on human resource planning exist?	4 MPF
23. How is it communicated and to whom?	4 MPF
24. To what extent is Treasury Board policy (PMM Volume 4, Chapter 2) being implemented?	4 MPF
25. Who in the department monitors the extent to which the policy is carried out and the extent to which it meets its intended objectives?	4 MPF
26. Do current human resource planning policies of central agencies create any problems in implemen- tation? If so, have central agencies been informed about relevant concerns? What were they? What action was taken?	5 MPF
27. In your view do managers understand their roles and responsibilities for human resource planning?	4 MPF
28. Do training programs or other communication pro- cesses exist to clarify areas of confusion where they might exist?	4 MPF
29. In your view, does senior line management have a good understanding of human resource planning issues? If not, to what do you attribute the lack of understanding?	4 MPF
30. Are there any areas in the department that do not have or are unable to acquire readily the number of staff with appropriate skills necessary for carrying out the work? - Which areas? - What action has been taken? - What has been the impact on delivery of programs?	2 HRP

Criterion Reference

- | | | |
|-----|---|-------|
| 31. | Are there any positions in the department for which mobility is a problem? How is this addressed? | 2 HRP |
| 32. | How are human resource shortages or surpluses identified? Who identifies them? What plans exist to address these situations? Who is responsible? | 3 HRP |
| 33. | What human resource planning activities are carried out in the Regions? | 2 MFP |
| | <ul style="list-style-type: none"> - linkage between regional and headquarters activities - communication mechanisms between them - areas of concern | |
| 34. | Do you assess the adequacy with which human resource planning activities address program objectives? | 4 HRP |
| | <ul style="list-style-type: none"> - How? - How frequently? - Results of assessment? | |
| 35. | Has the human resource planning program been modified as a result of evaluation of assessments of its effectiveness? | 4 HRP |
| 36. | Do you have workplans for the coming year? | 1 MPF |
| 37. | Do you monitor ongoing activities against workplans? | 5 MPF |
| 38. | Generally, how is human resource planning perceived by line managers, senior headquarters management and staff specialists? | 4 HRP |
| 39. | What are the recognized strengths and weaknesses of human resource planning in the department? | 4 HRP |
| 40. | What plans exist for overcoming those weaknesses or building on these strengths? | 4 HRP |
| 41. | In your view have human resource specialists with HRP responsibilities received adequate training? If no, where is further training required? | |

Criterion Reference

42. Is more co-ordination required between HRP activities and activities of the other personnel specialty areas? In your view, is adequate co-ordination achieved? Through what mechanism?

3 MPF

Possible Interview Questions for Manager, Training**A. General Approach**

Opening remarks:

- Explain how human resource management fits into the comprehensive audit.
- Explain how the audit of training activities relates to the overall human resource management audit.

Criterion Reference**B. Interview Questions**

- | | | |
|----|---|---------------------------|
| 1. | Please describe the major types of training offered to employees in the department and whether courses are offered in-house or by an external source. | 1 Training |
| 2. | Does the legislation administered by the department or the nature of the programs or other environmental factors affect training, or are course needs relatively stable? | 1 Training |
| 3. | What training policies exist? How are they communicated? Do policies and procedures contain responsibilities for line/staff, regions/headquarters for: <ul style="list-style-type: none"> - developing training standards and criteria for selection - preparing training plans - identifying training needs - developing training programs - evaluating courses and programs - implementation and review of training plans | 4 MPF |
| 4. | Who has major responsibilities for training matters? Are the roles clearly defined, or do they conflict or overlap? <ul style="list-style-type: none"> - roles of line managers and training specialists - roles of regional and headquarters specialists | 4 MPF
1, 2, 3 Training |
| 5. | In your view, does senior line management have a good understanding of training matters? If no, to what do you attribute the lack of understanding? | 2 MPF |

	<u>Criterion Reference</u>
6. (If regional offices exist, ask) to what extent is headquarters aware of training activities in the regions? If not aware, what impact does this have?	2 MPF
7. In your view, do managers adequately carry out their responsibilities for training?	1, 2, 3 Training
8. How are group and individual training needs identified?	1 Training
- existence of systematic group needs analysis	
- use of performance appraisal or alternative systems for identifying individual needs	
- involvement of line management	
9. Is there any linkage between training needs identification and operational planning? (i.e., is the training unit kept informed of proposed changes to legislation, organizational changes etc., that would have an impact on training)?	1 Training
10. Are any changes anticipated in the department that will affect training? What are they? What action has been taken to prepare for these changes?	1, 4 Training
11. What are the relationships between training, the human resources planning process and operational planning?	2 Training
12. Is any co-ordination required between HRP activities and activities in the other personnel specialties? In your view, is adequate co-ordination achieved? Through what mechanism?	2 MPF
13. Are managers trained in how to identify training needs?	1 Training
14. Are controls in place to help ensure that alternatives and priorities for training needs are considered?	2 Training
- Are line managers contacted if an identified training need does not appear to relate to the present job?	
- Are needs for existing courses re-analysed periodically? (examples of recent analyses and processes followed.)	

	<u>Criterion Reference</u>
15. What percentage of staff training is internally designed and implemented? Are alternatives to internal design and implementation considered? How is the decision made?	2, 3 Training
16. Who is responsible for design and implementation?	3, 4 Training
- If responsibility outside personnel unit - how are professional training standards ensured?	
- If personnel unit is responsible, to what extent are functional specialists involved in designing training courses?	
17. Do training plans exist?	2 Training
- approval mechanism	
- process for determining priorities	
- mechanism for changing priorities	
- extent plans used to determine utilization of training staff	
18. How are training budgets determined? Are actual costs identified and controlled?	2 Training
- nature of system	
- person responsible	
19. If training is designed and implemented outside one central location, how is duplication of courses avoided?	2 MPF
- headquarters awareness of courses in regions/branches	
20. If the personnel organization is decentralized, ask: Do you have any concerns regarding training activities carried out in the field?	2 MPF
21. What facilities exist for in-house training? To what extent are the facilities used?	4 Training
22. Are workplans in place in sufficient detail to justify resources allocated to the training function? (obtain sample)	1 MPF
23. Are performance criteria developed against which to assess the performance of training specialists? How are they used? (obtain criteria)	4 Training

	<u>Criterion Reference</u>
24. In your view, have training specialists received adequate training and career development opportunities? If not, what is the impact?	3 MPF
25. Do you make use of data from HRIS? For what purpose are data used? Is the information accurate, relevant and timely? If not, what problems does this create?	1 HRIS
26. Do you use all the information you receive? If not why do you continue to receive it?	1 HRIS
27. Do course manuals specify methodology to be used in course presentation? (see sample manuals)	
28. Does monitoring occur to ensure reasonable adherence to methodology by instructors? How often? (review dates).	
29. Do in-house training courses have training objectives? Are evaluation procedures based on such objectives? (see sample source manuals)	5 Training
30. Are training programs evaluated? What type of evaluation is made?	5 Training
- knowledge improvement	
- management evaluation of improved performance	
- global surveys from participants, etc.	
31. Who has the responsibility for carrying out the evaluations? How frequently are they carried out? Are existing courses evaluated regularly?	5 Training
32. How are the results of the evaluations used? Is training modified on the basis of feedback? Examples?	5 Training
33. In your view, does senior line management have a good understanding of training matters? of roles and responsibilities of the personnel organization in general?	2 MPF
34. What do you perceive as line managers' greatest concerns with staff training?	5 Training

APPENDIX C-4

Criterion Reference

- | | |
|--|------------|
| 35. What are some of the challenges or major difficulties that the department faces in the area of training? | 5 Training |
| 36. What do you foresee as the department's major thrusts for training over the next few years? | 5 Training |

Possible Interview Questions for Manager,
Human Resource Information Systems

A. General Approach

Opening Remarks

- Explain how human resource management fits into the comprehensive audit.
- Explain how the audit of human resource information systems (HRIS) relates to the overall human resource management audit.

Criterion Reference

B. Interview Questions

- | | | |
|----|--|---------|
| 1. | Please provide the names and briefly explain the main use of each departmental personnel information system, both computerized and manual (obtain distribution list). How was the need for systems determined? | General |
| 2. | Where is each system located (headquarters or region)? | General |
| 3. | What is the main source of information?
- computerized reports
- manual personnel files
If you prefer manual files, explain rationale. | General |
| 4. | Have any recent studies examined the information needs and/or the effectiveness of the department's HRIS in meeting user needs? (obtain copies)
- recommendations made
- actions taken | 3 HRIS |
| 5. | Is there a process to monitor the extent to which established systems continue to meet user needs? What are the process and results? | 3 HRIS |
| 6. | Are you aware of other human resource information needs that are not being satisfied by the current systems? What action has been taken? | 2 HRIS |

	<u>Criterion Reference</u>
7. What is the total annual cost of processing personnel information including computer time, human resources, and associated overhead costs? What were the costs to develop the system and what costs were not included in this figure?	3 HRIS
8. Who was involved in designing the major systems?	1 HRIS
9. Describe the process for establishing user requirements.	1 HRIS
10. If a service bureau is used to process personnel information, what are the costs?	2 HRIS
11. Are there any personnel systems currently under development? If so, obtain: <ul style="list-style-type: none"> - the name of the system; - the potential users; - the estimated cost of the system; - the estimated completion date; - a copy of the feasibility study; and - a brief description of what the system is expected to do. 	General
12. How are new user needs for personnel information or needs for enhancements or maintenance changes handled? (how identified, how ranked in priority)?	3 HRIS
13. Who in the department is responsible for ensuring the accuracy, completeness and timeliness of the data input?	1 HRIS
Are all responsibilities related to the system clear? How were they communicated?	2 HRIS
14. For systems recently installed (last 2 years), was the project within budget and on time?	2 HRIS
15. Were post-implementation reviews conducted 6 to 12 months after operation began?	3 HRIS
16. What specific problems does the system cause for the EDP group?	3 HRIS
17. In your view, what is the extent of duplication of personnel data between the various departmental systems?	3 HRIS

Criterion Reference

18. Are you satisfied with the personnel information that is currently available with regard to:
- completeness?
 - accuracy?
 - timeliness?
 - relevance to management needs?

1 HRIS

**Possible Interview Questions for Manager,
Performance Review and Employee Appraisal Systems**

A. General Approach

Opening remarks:

- Explain how human resource management fits into the comprehensive audit.
- Explain how the audit of performance review and employee appraisal (PREA) relates to the overall human resource management audit.

Criterion Reference

B. Interview Questions

- | | |
|---|-----------|
| 1. Describe the overall framework of the department's PREA program, including when it was developed, number of forms, uses etc. (obtain forms) | 1, 2 PREA |
| 2. Have there been any recent studies of the PREA process to indicate how the present program is working? | 3 PREA |
| 3. What are your current initiatives in this area? | 1, 2 PREA |
| 4. Have the roles and responsibilities for line managers and staff specialists been defined and communicated? | 3 MPF |
| <ul style="list-style-type: none"> - extent of policy distribution - training given | |
| 5. What degree of support do you have from senior management for the PREA program? How is this commitment visible? | 3 PREA |
| 6. Does the PREA policy require a linkage between the appraisal process and work planning and review? (obtain policy) How is this linkage effected? | 3 PREA |
| 7. Does the PREA document require that tasks/goals/objectives be articulated for the year under review? for subsequent years? | 1 PREA |
| 8. Have performance criteria been developed for some groups? Which ones? (obtain criteria) | 1 PREA |

Criterion Reference

- | | | |
|-----|---|--------|
| 9. | Does the PREA policy require regular work reviews throughout the year? Is there any way of knowing if this has occurred? | 1 PREA |
| 10. | What are the department's completion rates for appraisals? What is the distribution of ratings? (obtain summary information) | 3 PREA |
| 11. | What are the stated purposes of appraisal information used? <ul style="list-style-type: none"> - management/employee discussions? - human resource planning? - training and development? | 2 PREA |
| 12. | How is the information actually used? | 2 PREA |
| 13. | How reliable is the information? | 3 PREA |
| 14. | Is there information that is recorded on the appraisal form and not used? <ul style="list-style-type: none"> - Are uses stated in the policy and not carried through? | 2 PREA |
| 15. | Are the review and appraisal forms reviewed? How is it working? | 3 PREA |
| 16. | Are supervisors evaluated on the extent to which they carry out their PREA responsibilities? | 3 PREA |
| 17. | To what extent have supervisors received training on the PREA process? | 4 PREA |
| 18. | Who is responsible for monitoring and auditing PREA? What is the extent of monitoring and auditing activity? <ul style="list-style-type: none"> - major findings - action taken | 3 PREA |
| 19. | Is PREA meeting its stated objectives? How do you determine this? | 3 PREA |
| 20. | Have any modifications been made to PREA policy? What was the basis for these modifications? | 3 PREA |

	<u>Criterion Reference</u>
21. Is there any co-ordination required between activities in this area and in the other personnel specialties? Is adequate co-ordination achieved? Through what mechanism?	2 MPF
22. If the personnel organization is decentralized, ask: Do you have any concerns regarding the PREA activities carried out in the field? If yes, what is the nature of your concern?	2 MPF
23. In your view, do personnel specialists in this area receive adequate training and career development opportunities? If no, what is the impact?	3 MPF

Possible Interview Questions for Manager, Classification**A. General Approach**

Opening remarks:

- Explain how human resource management fits into the comprehensive audit.
- Explain how the audit of classification relates to the overall human resource management audit.

Criterion Reference**B. Interview Questions**

- | | | |
|----|--|-------|
| 1. | What are the respective roles of managers and staff specialists for classification? Is this described in policy? (obtain policy) | 4 MPF |
| 2. | What is the training status of the department's classification officers (i.e., have they all been accredited)? | 3 MPF |
| | Are those in trainee positions carrying full workloads? | |
| 3. | To what extent have managers received training in classification? (obtain listing of courses conducted and the number of participants) | 4 MPF |
| 4. | Do you have any concerns regarding the role of managers in the classification process? | 4 MPF |
| 5. | In your view, does senior line management have a good understanding of matters related to classification? | 2 MPF |
| 6. | When planning your programs, to what extent do you request or use information from line managers, concerning their projected demands on your services? If not requested or used, what information is used? | |
| 7. | Do you have sufficient classification officers to meet your workload? | 1 MPF |
| 8. | Do you have performance or service standards in this area? If yes, what are they and how are they used? If no, could or should they be developed? | 1 MPF |

Criterion Reference

9.	Are workplans developed exclusively at the level of the classification unit or also at the level of the individual?	1 MPF
10.	Do you make use of any data from HRIS? For what purpose?	1 HRIS
11.	Is the information accurate and timely? If not, what problems does this create? Have you made proposals for system modifications? What was the result?	1 HRIS
12.	Do you use all the information you receive? If not, why do you continue to receive it?	1 HRIS
13.	What is the department's rate of non-coincidence? (job descriptions not matching duties performed)	2 Classification
14.	Do you review and update your job descriptions? Under what circumstances?	2 Classification
15.	Are relativity and cost implications of proposed jobs considered; if so by whom and to what extent?	2 Classification
16.	When are classification committees used?	3 Classification
17.	What percentage of jobs are classified by committee? What is the departmental jobbing policy? To what extent is it applied?	3 Classification
18.	What is the department's policy regarding the back-dating of reclassification?	3 Classification
19.	Are classification decisions monitored to detect shifts in occupational group profiles or anomalies? Describe results.	4 Classification
20.	Are classification decisions monitored for misclassification or non-coincidence?	4 Classification
21.	What is the percentage monitored and what are the results?	4 Classification
22.	What are the incidence and type of classification grievances?	4 Classification

	<u>Criterion Reference</u>
23. Are classification grievances resolved within the required timeframe?	4 Classification
24. To what extent are classification activities audited and evaluated?	5 MPF
25. Is there any co-ordination required between classification activities and activities in the other personnel specialties? In your view, is adequate co-ordination achieved? If so, through what mechanism? If not, what are the consequences?	2 MPF
26. If the personnel organization is decentralized, ask: Do you have any concerns regarding classification activities carried out in the field? If yes, what is the nature of your concern?	2 MPF
27. What were the results of classification activity over the past two years.	
Number of upward moves _____	
Number of downward moves _____	
Number of no change _____	
Number of administrative actions _____	

Possible Interview Questions for Manager, Staffing

Note to Auditor: Audit criteria for the staffing function have not yet been developed. Therefore, these suggested questions solicit information about the management of the function and its interrelationship with other personnel specialities. They do not reflect a comprehensive review of value-for-money issues associated with staffing.

A. General Approach

Opening remarks:

- Explain how human resource management fits into the comprehensive audit.
- Explain how the audit of staffing relates to the overall human resource management audit.

Criterion Reference**B. Interview Questions**

- | | |
|--|-------------------------------------|
| <ol style="list-style-type: none"> 1. What are the general responsibilities of managers in the staffing process? Is this described in policy? (obtain policy) 2. How are these responsibilities communicated to line managers? <ul style="list-style-type: none"> - policy dissemination - training provided (obtain listing of courses and participants) 3. To what extent do managers effectively carry out their responsibilities? What are the main problem areas? 4. To what extent are staffing activities planned in your department? 5. To what extent do you request or use information from line managers concerning their projected demands on your services when determining staffing requirements? 6. How do you determine the number of staffing officers required? | <p>(criteria not yet developed)</p> |
|--|-------------------------------------|

Criterion Reference

7. Have performance standards or service standards been developed? Which ones, how are they used?
8. Have there been any recent or projected work-force reductions in the organization?
 - circumstances - steps taken
 - extent work performance information considered
9. Were these reductions known in advance? What were the circumstances?
10. Are there areas where workforce reductions might have occurred but where employees were relocated within their organization?
 - circumstances
 - cost considerations
11. What input do managers have into statements of qualifications?
12. In your view, are the qualifications that managers look for in recruits appropriate to the jobs being filled?
13. Is there any record or consideration of the cost of different selection processes?
14. Is cost a factor in determining the kind of selection process to use?
15. Are requirements for staff met in a timely manner? If not, what is the difficulty and does it have any impact on operations? (obtain statistics on timeliness)
16. Is there a regular review or any monitoring of implementation of staffing plans or staffing activities generally?
17. How are the costs of staffing monitored or controlled?
18. How do you ensure that performance of probationary employees is periodically assessed against known criteria?

Criterion Reference

- | | | |
|-----|--|--------|
| 19. | To what extent do managers carry out this responsibility? If not done regularly, ask: Does this, in your opinion, have any operational impact? | |
| 20. | What is the incidence of rejection on probation? Have you analysed these cases as a means of improving the selection process? | |
| 21. | Do you make use of any data from HRIS? For what purpose are the data used? | 1 HRIS |
| 22. | Is the information accurate and timely? If not, what problems does this create? Have you made proposals for modifications? What was the result? | 1 HRIS |
| 23. | Do you use all the information you receive? If not, why do you continue to receive it? | 1 HRIS |
| 24. | To whom is responsibility for carrying out staffing audits assigned? | |
| 25. | What criteria are used or what areas are audited in staffing? | |
| 26. | Do you assess the level of service provided to line managers? What are the results of the assessment? | |
| 27. | In your view, do line managers have a good understanding of staffing matters? How much training has been given? | |
| 28. | Does the department have any concerns regarding the impact of PSC policy on economy, efficiency or effectiveness? If concerns exist, have they been brought to the attention of the PSC? | |
| 29. | Has your organization developed criteria or standards against which the performance of staffing officers are assessed? | |
| 30. | Do you have any staffing officers not yet certified? What is their level of workload? | |
| 31. | Is there any co-ordination required between the activities in this area and the other personnel specialties? In your view, is this co-ordination achieved? If yes, through what mechanism? If no, what are the consequences? | |

Criterion Reference

32. If the personnel organization is decentralized, ask:
Do you have any concerns regarding the manner in
which staffing activities are carried out in the
field? If yes, what is the nature of your concern?

APPENDIX D

GLOSSARY OF TERMS

GLOSSARY OF TERMS

EDP	-	Electronic Data Processing
FAA	-	Financial Administration Act
HR	-	Human Resources
HRIS	-	Human Resource Information System
HRM	-	Human Resource Management
HRP	-	Human Resource Planning
MPF	-	Management of the Personnel Function
PAC	-	Personnel Applications Centre
PMM	-	Personnel Management Manual
PREA	-	Performance Review and Employee Appraisal
PSC	-	Public Service Commission
TBS	-	Treasury Board Secretariat

Published Weekly

Vol.

No.

CHICAGO, ILL., MAY 1, 1919

1919

Subscription Price

\$5.00

Single Copies

15c

Entered as Second-Class Matter, May 2, 1912

Postpaid

Acceptance for mailing at special rate of postage provided for in Act of October 3, 1917

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